

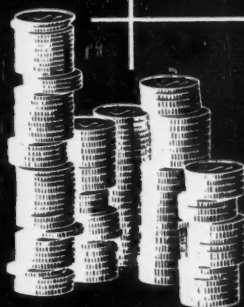
# Saturday Night

Canada's Magazine of Business and Contemporary Affairs

JANUARY 9TH 1960 20 CENTS

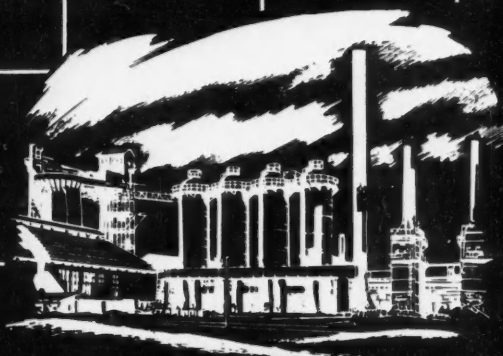


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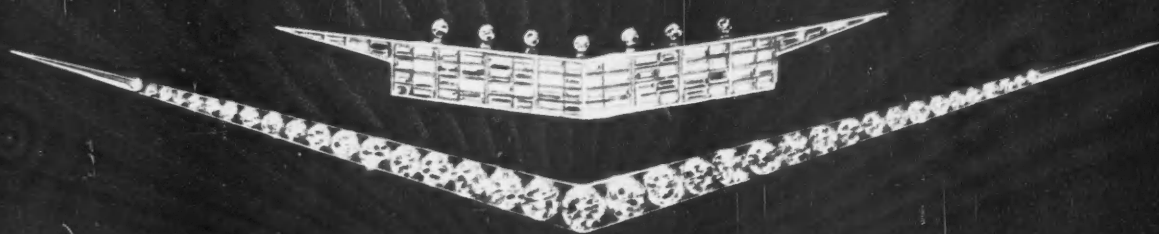
MONEY

INDUSTRY



Business: The Way Ahead for 1960

# Cadillac



THE CADILLAC "V AND CREST" interpreted in Diamonds and Platinum BY CARTIER

*"Elegance" is the word  
that expresses it!*

From the wonderful Cadillac vocabulary, we have selected "elegance" as the word that most fully characterizes the Cadillac of 1960. The car's new styling is certainly elegant beyond compare. Its new interior luxury provides a feeling of elegance that can be sensed nowhere else in the world of motor cars. And even its new performance—smooth, quiet and effortless—might be summarized as "elegance in motion". We suggest that you see and drive it for yourself. Once you have, we think you will agree that the word is "elegance"—and that the car is Cadillac!

# Saturday Night

VOL. 75 No. 1

ESTABLISHED 1887

WHOLE NO. 3356

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## INSIDE STORY

**THE COVER:** Steadying its hand and clearing its vision for the New Year, SN in this issue takes a look at the expected course of business in 1960. In the beginning the cover graph marches bravely upward, halts in the last quarter and, as all predictions must, comes to end with a query.

The forecast is backed up by facts, figures and an impressive number of charts. Various segments of the economy are discussed by financial writers well-known to SN readers. Business Editor **R. M. Baiden** leads off with possibly the biggest problem of all: "Inflation: The Battle for the Sound Dollar" (Page 17). **Robert Jamieson**, SN's Montreal contributing editor, deals with capital investment (Page 21), **David Grenier** with commodities (Page 23), **R. U. Mahaffy** with expected public works programs (Page 25) and **Maurice Hecht** with the construction industry (Page 27).

In Canada, three theatre-concert halls have been built in the last five years, a fourth is approaching completion, a fifth will soon begin construction and two whole "cultural centres" are actively planned. Professor **Graham George** of the Department of Music, Queen's University, surveys these accomplishments on Page 10. It may all add up, he says, to the beginning of a golden age.

Professor **John A. Irving**, author of the recently published book *The Social Credit Movement in Alberta*, was guest speaker at the Silver Anniversary meeting held in Calgary in November under the auspices of the Alberta Social Credit League. On Page 13 he tells how the party practically wiped out opposition in its last provincial election and discusses prospects of its moving into the national field.

In England today everybody seems to be (a) playing the stock market and (b) putting it on the cuff. For a report on these and other light-hearted aspects of the year-end scene see **Beverley Nichols'** London Letter "Dark Horses and the Never-Never" on Page 16.

**President and Publisher,** Jack Kent Cooke; **Vice-Presidents,** Hal E. Cooke, Neil M. Watt, E. R. Milling; **Circulation Manager,** Arthur Phillips. **Director of Advertising:** Donald R. Shepherd. **Representatives:** New York, Donald Cooke, Inc., 666 Fifth Avenue; Los Angeles, Lee F. O'Connell Co., 111 North La Cienega Blvd., Beverly Hills, Cal.; San Francisco, Don R. Pickens Company, 166 Geary Street; London, Eng., Dennis W. Mayes Ltd., 69 Fleet St., E. C. 4. **Subscription Prices:** Canada \$4.00 one year; \$6.00 two years; \$8.00 three years; \$10.00 four years. Commonwealth countries and U.S.A. \$5.00 per year; all others \$6.00. Newsstand and single issues 20c. Authorized as second class mail, Post Office Department, Ottawa. Published every second Saturday by Consolidated Press Division, Suite 707, Drummond Building, 1117 St. Catherine St. West, Montreal, Canada. Editorial and Advertising Offices, 73 Richmond St. W., Toronto, Canada.

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# Letters

## Correct Aim

Re your editorial: "Translation is Wrong" [SN Dec. 5]. This was not "a resolution passed at a meeting of the new Steering Committee of the Canadian Conference on Education". It was a suggestion emanating from one of the four discussion groups at a recent Seminar of educators and other citizens concerned with education, called to advise the Planning Committee on fields to be studied by the Second Canadian Conference on Education in February 1962.

The Canadian Conference on Education is a collective enterprise of farmers and fishermen, businessmen and laborers, school trustees and teachers, university administrators and professors, students and parents, French and English language groups. They are not all, by any means, "people who are supposed to give leadership in education"—nor do they presume to do so. That is the responsibility of the Canadian Education Association and other bodies of professional educators.

Our two main objectives are stated as follows:

1. To improve communication among the segments of Canadian society interested in education by bringing them together in The Canadian Conference on Education, so as to assure an exchange of ideas and information between the public and those responsible for the direction and encouragement of education at all levels in Canada.

2. To help create wide public understanding and support among Canadians for the educational development which is essential to meet the needs of our growing nation.

May we respectfully request a more understanding and accurate approach on your part toward these aims, which we are sure you hold in common with us.

OTTAWA  
The Canadian Conference on Education  
FRED W. PRICE  
Director

## Both Languages

I am whole-heartedly in favour of the sentiments which prompted your editorial (Dec. 5) under the heading "Translation is Wrong", though I must disagree with your conclusions. Translation *ought* to be wrong: unfortunately, under the circumstances, it isn't.

You take the attitude that if this country's educational leaders don't know both languages, it's time they learned. Personally, I agree, though the opinion is by no means universal. You say you've never met an educated French Canadian who couldn't speak English. Again, with admiration, I agree.

When, however, you suggest that it is realistic to expect our non-French-speaking educators to learn fluent French by 1962, and that the translation proposal is evidence of a belief that "there is nothing wrong with Canadian education which money cannot cure", I must leave you. This is a "non-sequitur" or, in plain English, "It ain't necessarily so".

The acquisition of a new language as one grows older is not easy, especially for busy people. Moreover, as I have said, there are those who sincerely believe that one language is sufficient, even in Canada. Are they not to be permitted to hear the French-language speeches in their own tongue? In fact, is it therefore not preferable that important or complicated talks be heard by everyone in his or her own language?

Money, of course, will not cure everything that is wrong with Canadian education—though it will help considerably. But money spent on ensuring that talks on the social problems of Canadian education are heard by those who can do something about it . . . is surely money well spent.

KURT R. SWINTON, *Chairman  
National Committee,  
Canadian Conference on Education*

## Lo, No Lobbyist

The article by John T. Schmidt "Lo, the Poor Irresponsible, Lazy Indian" [SN Nov. 21] exemplifies the sleazy thinking arising from quick impressions gained by himself and from others as poorly informed as he.

Schmidt should not forget that we live in a controlled economy and that many of us exist by the beneficence of the state, that many could not survive without the crutches it offers.

We find government and city heads in B.C. hot footing it to Ottawa asking for millions in order to keep our ship-yard workers employed at \$2.40 per hour as they can't exist on the \$1.80 earned in the east. No matter what you call it this

is charity from all taxpayers to a specific group.

We find the prairie farmers need guaranteed government markets, price supports, loans and advances and could not exist without these handouts.

The virile, aggressive, noisy, free enterprisers, the Alberta oil men, claim they can't compete with cheap imported crude, they want imports stopped and a pipeline built to Montreal (paid by people of the east by way of guaranteeing the shut out of imports, and then the sale of domestic crude at higher prices) although each company is eager to help its own ends.

We see contractors wanting guaranteed housing loans by government, chain stores wanting legislation to protect them against the ravages of the trading stamp.

Why doesn't Mr. Schmidt honestly admit the lazy Indian isn't a good lobbyist and can't compete with whites when it comes to climbing into the pork barrel?

If any white community in Canada were left entirely to its own resources, with the exception of \$5.00 per year treaty money, some mouldy bacon, flour, and matches, the rest of the country would rise up and send carloads of apples, clothes, food, money. More worry is expended on a Winnipeg flood disaster, Springhill closing, etc. than on all the Indians put together.

Has Schmidt ever read or talked with any of the educated, informed experts on native affairs? Has he ever read Farley Mowat's *People of the Deer*? He might learn that we, the people of Canada, have killed off 2000 inland Eskimos in the last 50 years but we can't seem to get these nuisances out of our hair—about 35 per cent in living.

Yours, for honesty at all costs,  
VANCOUVER  
NEIL S. THOMPSON

## Old-Time Religion

In reading the editorial on The Marxist Religion, [SN Dec. 5] I see that the editor of SATURDAY NIGHT has suddenly discovered that Marxism bears all the earmarks of a religion, an observation which theologians of all stripes have been making ever since the October Revolution of 1917.

What the editor of SATURDAY NIGHT has not yet admitted is that man is an essentially religious animal. Circumstances may have cast our generation in a sort





## IMPERIAL BANK OF CANADA

### DIVIDEND No. 278

Notice is hereby given that a Dividend of Forty Cents (40¢) per share has been declared for the quarter ending 31st January 1960, payable at the Head Office and Branches on and after 1st day of February, 1960 to shareholders of record on 31st December, 1959. Shares subscribed for but not fully paid for at the close of business on the 31st day of December, 1959, to rank for the purpose of the said dividend to the extent of the payments then made on the said shares.

By order of the Board.

H. W. THOMSON

General Manager

Toronto, 9th December, 1959

**IMPERIAL**  
*the BANK that service built*



in Toronto—the  
**PARK PLAZA**  
of course!

## Saturday Night

covers the broad field of the modern Canadian business and professional man's interests, both in economics and in international affairs.

of irreligious vacuum, a circumstance not unfamiliar to students of history.

But whether they like it or not, the coming generation will undoubtedly have to choose between the "Victorian" Christianity, (which incidentally began considerably earlier than Victoria and is far from dead yet) and that other religion called Marxism.

STEINBACH, MAN.

GERALD WRIGHT

### Aux Armes!

I have enjoyed your caustic comments on "homo sapiens" and his foibles since 1952. I cannot, therefore, resist the temptation of pointing out that you would seem to have caught yourself in your own fly-catcher, in your number of the 5th December.

Your description of the sloppy proof-reading, etc., of Ralph L. Curry's book "Stephen Leacock", on page 42, is somewhat weakened by your statement that he "talks of 'champignons au truffes' when, of course, he means 'Champignons au Truffles'", which is equivalent to "Changer le mal de place". Oh dear! Oh dear!

QUEBEC, P.Q.

MARCEL RICHARD

### Added Entry

I told a friend about your article on Peddling Pornography, with its illustration of the magazine *Bizarre*. Aghast, he exclaimed: "Not Harpies' *Bizarre*?"

ITHACA, N.Y.

MORRIS BISHOP

### More Humane?

If SATURDAY NIGHT is to base its case for liberalizing divorce laws on the condition of partners stuck with "rapists, sodomists", etc., it must be content to face up to the possibly not so ugly but nevertheless unfortunate results of lax divorce laws. If it is only a case of having laws which protect either unhappy partners, or their children or society then who is going to decide? You imply that all these groups suffer in spite of the present law and therefore it should be changed. Should there be no restrictions? Or if some what shall they be? Would you agree that the possibility of divorce is in fact a breeding ground for it?

There surely is a good case for the statement that the State ought not to maintain on the books laws which the majority of its citizens would rescind or which visit hardship on innocent citizens. And it possibly should be agreed that laws which have their origin in the precepts of any given religion must not be exercised on those who do not share that religion. This argument is respectable, but not SATURDAY NIGHT's, which implies that its position is "more humane, indeed more Christian", than the Roman Catholic or (sic) "Reactionary" Protestant one. How can you be more Christian than Christ?

OTTAWA

J. W. STRATH

## HOME OIL DIRECTOR



Robert W. Campbell, general manager of Home Oil Company Limited, who has been appointed Vice-President and a Director of the Company. The announcement of Mr. Campbell's appointment was made by R. A. Brown Jr., President of Home Oil Company Limited, Calgary.

Born in Valentine, Nebraska, Mr. Campbell joined Home Oil through its American subsidiary and came to Canada in 1955. He was Vice-President and General Manager of Cremona Pipelines Ltd., then General Manager of Production and Pipelines and, in April 1959, was appointed General Manager of the Company.

## CANADIAN PACIFIC RAILWAY COMPANY

### Dividend Notice

At a meeting of the Board of Directors held today a final dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1959, payable in Canadian funds on February 29, 1960, to shareholders of record at 3.30 p.m. on January 5, 1960.

By order of the Board.

T. F. TURNER,

Secretary.

Montreal, December 14, 1959.



## Comment of the Day

### Prospect for Parliament

IF THE LIBERALS would just stop carping about the egregious Mr. Grosart and get their thoughts back to things that matter, the next session of Parliament could be lively. There are plenty of issues, some of them capable of being solved, others at least in need of sharper definition in the public mind.

Far and away the most important one is money. A lot of people want money and can't get it; others can get it but are unwilling or unable to pay the new high interest rates. The supply of money is not going to be increased since it is clear that the stabilization of the present position is Tory policy, even though the Prime Minister and the Minister of Finance will not say so in public. To increase the supply might be dangerous but, as R. M. Baiden points out in his article on Page 17, the liquid position of the country is only half as good as it was a generation ago. But can we develop the country, in line with Mr. Diefenbaker's vision, if the available money supply is being largely siphoned off into managing the national debt and meeting increased payments for rapidly expanding public services?

Though there is no easy solution to this one, the Liberals would do a great service to the country if they can only show the hollowness of a government policy which pretends to be on the side of the aggressive, go-ahead businessman at the same time as it outdoes the hopes of the CCF in paying out social welfare benefits.

Next in importance is defence, which, since it consumes 1.7 billion dollars out of a total budget of 5½ billion dollars is closely connected with the shortage of money and the increasing burden of the National Debt. What are we getting for this enormous outlay? Not, as one might think, a modern defence force. For out of the total defence expenditures 1.2 billions are spent on fixed charges: pay, quarters, maintenance of equipment, the day to day operation of the forces and, for example, the cost of running various training programs (fuel for training flights, the ammunition for Christmas turkey shoots, etc.) This leaves only 500 million, or less than a third of the total appropriation, for the acquisition of new equipment or improvement of the old. With thirty-three new Argus aircraft slated for Coastal Command (to seek out and destroy the submarines which might other-

wise launch atomic missiles at close range) and two hundred new CF-111 fighters for the complete re-equipment of the fighter division in Europe there is, as General Pearkes said at the NATO meetings in Paris in December, no money left for anything else.

But one asks why we are spending such enormous fixed charges to keep in being army and air force establishments which are utterly obsolete? The army is equipped with M-105's, for example, a wartime gun, and with tanks designed twenty years ago. (Compare the Flying Fortress with the delta wing Vulcan to get the full implications of this.) And the RCAF has at present no fighter which could intercept a single bomber now in operational use in any major country.

A complete appraisal of our national defence needs, a straight talk with the other members of NATO to secure a better apportioning of responsibilities than was arrived at in Lisbon in 1952, and some cutting across of traditions which are historically valid but economically stupid could do much to reduce the billions of dollars now poured down the military drain.

Unemployment might result if some military supply contracts were discontinued. But nothing that would be other than very temporary. And it is significant that

unemployment is not being mentioned this January as it was last. The country is at last really trying to do something to reduce seasonal layoffs, and the percentage of those genuinely out of work (and not just taking a breather having earned the necessary UIC stamps to qualify) is, whilst a standing reproach to our economic system, not a national disaster.

It is the self-employed rather than the unemployed who will take a fair amount of this next session's time. For the combines legislation is up again having been postponed in the heat of last summer. There are powerful lobbies which are in favor of restoring resale price maintenance and other people trying hard to get safeguards for big business written into the monopoly and price fixing laws.

If resale price maintenance is brought back, and the large industries get the protection they are seeking against monopoly charges, the Tories will emerge as the "big business" party. For resale price maintenance, whatever else it does, basically helps the manufacturer and takes away initiative from the retailer. The protection of big corporations against the kind of monopoly charges being pressed against, for example, Canadian Breweries Limited, would give them *carte blanche* to cut the independents' throat whenever their business, and not the public interest, demanded it.



Talking through his hat?

Such legislation will give both the Liberals and the CCF their best openings of the session. For the amendments will make the public even more incapable of controlling the spending of its own money, or of preventing the mass acquisition of other people's by industrial giants.

There will be other important debates—the Bill of Rights (postponed for so long), penal reform, money for higher education, immigration and the whole question of shrinking farm income—but if the meetings of the three parties before Christmas were any indication there is little new thinking in any of them. The Liberals and CCF will have to pick up steam if they are going to do the job they should do and the job which, it is our firm belief, the country genuinely wants them to do, especially in safeguarding our national defence and national solvency.

## Edible Medals

ALTHOUGH IT TOOK it a long time to get around to it, the Canada Council has at last taken over the arrangements for the Governor General's medals in literature. Up to now the Canadian Authors' Association has run the competition and, having no funds, run them in the most economical way. No expenses were allowed the judges who, therefore, never met to discuss the relative merits of eligible works. The prizes were limited to the award of a medal in each category. Authors better than most people know that you can't eat medals and only rarely have publishers exploited the award so as to sell more copies of the award-winning books.

Now the expenses of proper judging will be borne by the Canada Council and the awards will have a cash addition of \$1,000. In an age where values are closely tied to money this will have the double effect of adding status and helping to pay the grocer's bill at the same time. Writing might even become an accepted profession as it is in most other countries.

## Peace or Politics?

WHY DID EISENHOWER go on his world trip? Was it really for world peace or was it to buttress the sagging diplomatic status of a United States which is beginning to feel keenly the loss of a man with the character of John Foster Dulles? Or more particularly was it for the domestic aid of the Republican party as the election fever of 1960 begins to build?

Certainly the President seems to have met with personal adulation, especially in India. But in Europe and some of the Middle Eastern countries it is also true to say his welcome depended more on his former reputation as a soldier than his present posture as President. There is

thus the danger that this outburst of genuine affection will seem to the American people to be an endorsement of their policies rather than what it actually was, a tribute to the record of a good and great soldier.

For the Americans to take this a step further is for them to make the mistake which they let Roosevelt make before, that of thinking that personal contacts can notably help or even supplant the normal channels of diplomacy. They cannot, and the trip has not changed one whit the hard facts of the world situation: a continuing build-up of the armed forces in Russia; a deterioration in the position of the Western world vis-a-vis Red China, and a grave split between the NATO powers which can be so easily exploited by the Russians at a summit meeting if we pretend that it does not exist.

It will be interesting to see what the general reaction in the United States and in NATO will be as Eisenhower now settles down once more to the hot-house atmosphere of domestic politics and the Nixon-for-President primaries.

## Lest We Forget

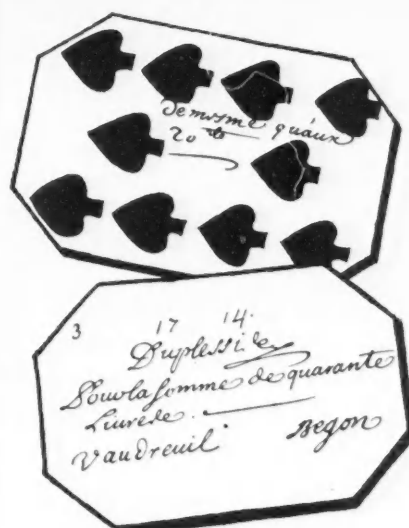
WHILE THE CROWDS were cheering Eisenhower as a man of peace another meeting in Europe gave the Norwegians, whose press printed the story, pause to reflect on another aspect of American diplomacy.

At a dinner held in Madrid by American air force officers stationed in Spain the guest of honour was ex-Colonel Otto Skorzeny, the man who freed Mussolini when his government toppled, and who commanded the "special troops" in the Ardennes offensive of December 1944. A Colonel Scott of the USAF, it was reported, extolled Skorzeny as a great fighter against Communism. So he was, as one of the senior operatives of the Gestapo and one of the closest collaborators of Kaltenbrunner, the last commander of that infamous and bestial organisation.

It was not, we think, revealed at the banquet, but it once was, according to the Norwegian reports, Skorzeny's job to capture Eisenhower. Isn't this taking friendly feelings a bit far? The German nation has expiated its crimes, but former butchers need not be welcomed back into the civilization which they once tried hard to destroy. Fighting Communism in torture chambers is not a process which an American Colonel should praise either.

## Overheard in a Boardroom

A COLLEAGUE who knows the interior workings of a very large store swears that he heard the vice-president in charge of sales say: "After this year-end rush I'm going to have a nervous breakdown. I owe it to myself".



## Canada's First Paper Money



Because of a shortage of coin in New France, playing cards were used as money for 74 years. Beginning in 1668, cards were marked, signed by Governor Vaudreuil and Intendent Bégon and issued to soldiers and settlers as currency.

### Canada's First Real Money

Canada's first real money was issued by the Bank of Montreal—Canada's first bank—when it opened its doors for business on November 3, 1817. With the passing of the Currency Act in 1841, B of M coins became recognized legal tender of Canada.



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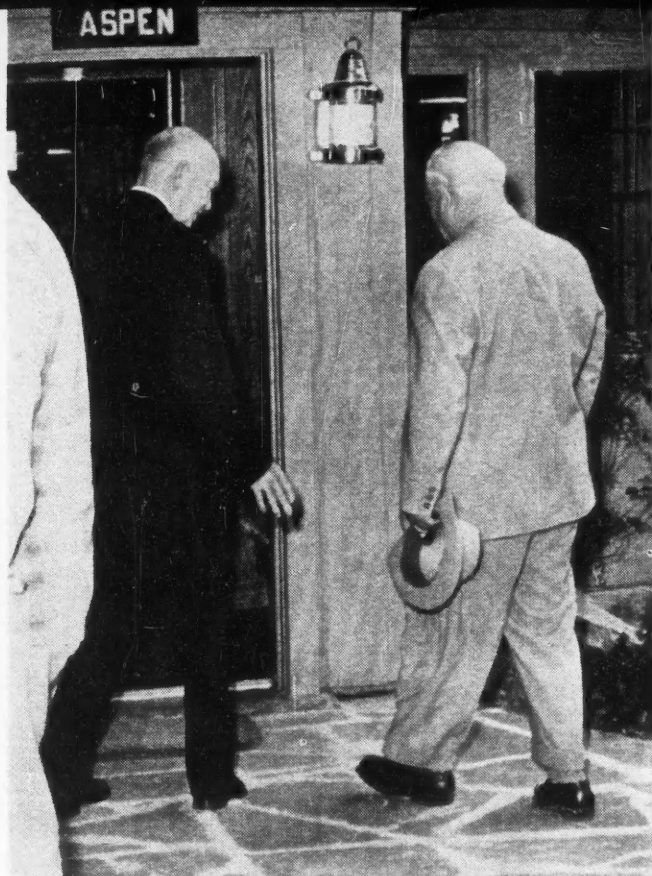
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Wiser's 101 Whisky

## Saturday Night

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industry and government in Canada.*



# Auto-Suggestion, Shattered Dreams And Hope That Springs Eternal

by John Gellner

*Ike and Mr. K at Camp David. French-West German fears remain that a policy of flexibility is akin to appeasement; they prefer there be no meeting at the summit.*

IT IS QUITE POSSIBLE that when the events of 1959 can be surveyed from the vantage point of some years rather than of a few days, it will be found that the one which had the most far-reaching consequences was the resignation of John Foster Dulles from the Secretaryship of State.

In Dulles' lifetime, it used to be fashionable among political wiseacres to heap scorn and ridicule upon his policies. The real stature of this obstinate, dogmatic, not always tactful man only became apparent when he had gone. The West suddenly found itself without a leader. American foreign policy made one of its periodic somersaults. Where a perhaps grudgingly maintained but nonetheless firm common front of the West had existed, there is now disagreement in matters of principle, not likely to be removed by presidential goodwill tours and Western summit meetings.

There is no doubt that the continental Europeans are deeply perturbed by the present American policy of seeking a rapprochement to Russia. In the absence of any indication of a real change in Soviet objectives, what Washington is doing today looks to the Europeans very much like Roosevelt's famous "playing a hunch" about Stalin in the Second World War. They are afraid that the recipe prescribed then—to be generous to Russia and thereby ripen a budding friendship—might be used again, and that such generosity could cost Europe dearly. After

all, the Soviets have always tried to have us pay something extra for their agreement to keep the last treaty.

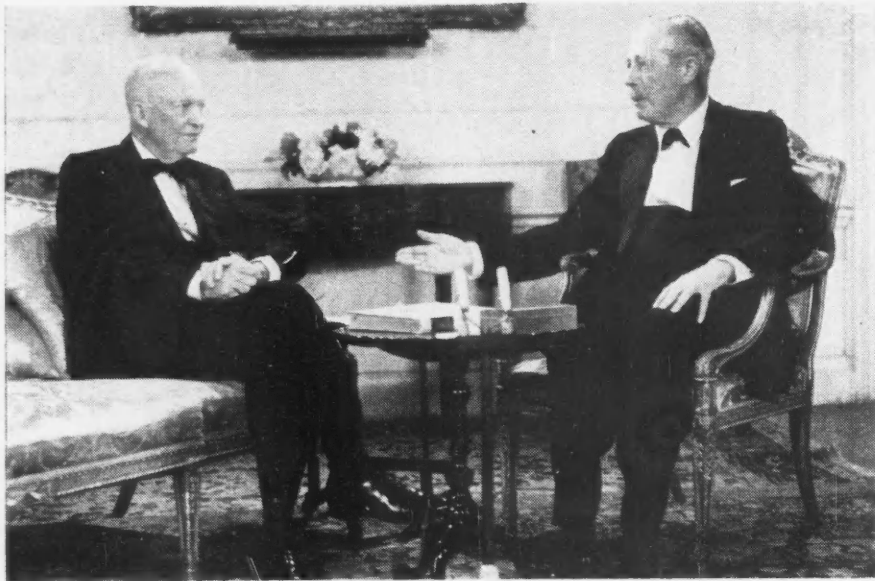
Leading Europeans who have been to North America in these last months have been particularly impressed by the backing which the new United States policy toward Russia has among the American people. They have been surprised to find that the spectacular Soviet achievements in military technology (or at least technology with possible military applications) have not generated a determination to make up lost ground so much as an attitude of "if we can't beat them, let's join them". They have seen the American people weary of the cold war, weary of hearing about the missile threat, weary of feeding the Moloch of military expenditure. They have found them unwilling to make concessions at somebody else's expense, but at the same time rather philosophical on this point—"flexible" is the term generally used.

As a result, Europe, which used to be only too happy to rely on Uncle Sam's protection as long as he was an unyielding and implacable antagonist of Russia, now feels that it must look after itself. France's determination to have her own nuclear weapons; the recommendation of the Assembly of W.E.U. that a European "nuclear striking force for limited war" be formed; the unexpected eleven per cent increase in the West German military budget, are all manifestations of this belated urge of the Europeans to stand on

their own feet. We could only applaud this newly found determination—continental Europe was irresponsible long enough when it came to its own defence—if it was not also a sign of lack of confidence in American leadership. Yet the latter is as indispensable today as it ever was.

Nowhere is it more apparent that the old firm hand is missing at the tiller than in the way the principal Western allies have approached the question of a summit conference with the Russians. The British are in the lead here, ever since Mr. Macmillan, white fur hat and all, went to Moscow last February. They would have liked to have had a summit conference by now, followed by more of the same sort until a general settlement could be reached. The United States is perhaps less sanguine, but it, too, originally counted on a 1959 summit.

The tandem France-West Germany is frankly suspicious of British and American motives for wanting early negotiations at the highest level. "Flexibility" to them means very much the same as "appeasement"; the "spirit of Camp David" reminds them of the spirit of Godesburg which led to Munich. At the very minimum the Soviets would expect to gain from a summit conference the legalization of the status quo in Central and Eastern Europe, and this is the last thing to which West Germany would want to agree. Adenauer and De Gaulle are not anxious to let Eisenhower, Macmillan and



Macmillan gave impetus to summit meeting by visiting Moscow in February of '59.

Khrushchov merrily decide the fate of Europe lest they decide it in the fashion of Roosevelt, Churchill and Stalin in 1945.

Khrushchov himself now seems quite content to see the summit conference postponed until after his visit to Paris early next Spring. He clearly believes that he will be the gainer whether or not he succeeds on that occasion in making De Gaulle accept the Soviet point of view. If he does, he might have plain sailing at a summit conference (at which West Germany would not be directly represented). If he does not, then the split in the Western camp over the all-important question of how to deal with the Russians will be deeper than ever.

As things stand now, the odds are that there will be a summit conference, probably in April, but also that nothing substantial will be achieved at it, just as nothing was achieved on the last occasion, in Geneva, in 1955. Russia will then almost certainly conclude a separate peace with the puppet government of East Germany. This in turn may bring about another Berlin crisis, and one which undoubtedly would impale the West on the horns of a dilemma even more solidly than did the Soviet ultimatum (which apparently was no ultimatum) of November, 1958.

If with the help of some auto-suggestion the "spirit of Camp David" could conceivably be accepted as real, another "spirit", which at one time looked very powerful, has definitely returned into limbo—the "spirit of Bandung". It was there, at a conference in 1955, that the Afro-Asian nations thought that they had found their mission in the Twentieth Century. It was "neutralism", in Nehru's words a "dynamic not passive" political creed, which was to bring about a peaceful resolution of the world's problems

through the shining example provided by the united emancipated nations of Asia and Africa, and through the moral lessons read by them to the white fighting cocks. Chou En-lai and Nehru together fathered the "spirit of Bandung".

Alas, the latter has learned in 1959 that Thomas Carlyle's pessimistic, "the ultimate question is: can I kill Thee or canst Thou kill me?", applies to relations between Asians just as much as between the presumably materialistic and imperialistic Europeans and Americans. The cruel subjugation of Tibet by the Red Chinese, in March 1959, and their brazen aggression against India itself that began in August, undoubtedly opened Nehru's eyes to the harsh realities of power politics. One may feel sympathy for a sincere and high-minded man's deep disappointment, but there is a silver lining: it will be a relief if, as a consequence of the demise of the "spirit of Bandung",



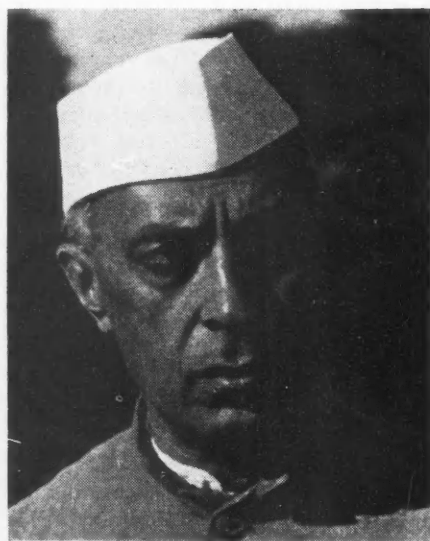
Chou En-lai, Nehru, fostered "spirit of Bandung"; Red rape of Tibet saw it die.

we will in 1960 hear less of the self-righteous preachings from such as Krishna Menon and other apostles of "neutralism".

In the Middle East and in North Africa dramatic events were fewer in 1959 than in 1958, but the pot is boiling there just as violently as ever. It is still a toss-up whether Iraq is going to drift into complete chaos or will become the first Soviet satellite in the Middle East. Moscow is clearly proceeding with caution there: it can not interfere by force in Baghdad without starting a major war, and this being so, probably does not want to let things go so far that Iraq's worried neighbours, Turkey, the United Arab Republic, Jordan, would feel compelled to march in themselves. Israel is still blockaded, and is still threatening war as much as she is threatened by war.

As to Algeria, General De Gaulle's assurance of last September that the Algerians would be allowed to choose in a free vote between complete independence, federation or integration with France within "four years after the actual restoration of peace", is not likely to bring to an end the warfare which has raged in that unfortunate country for the last five years. The F.L.N. "provisional government" in Tunis wants to make a cease-fire contingent on its recognition as the spokesman for the Algerians, and thus as the opposite party in any negotiations with France.

The Afro-Asian countries and the Soviet bloc are backing the F.L.N. Many well-meaning people in the West are doing the same, be it because of an instinctive revulsion against what they call "colonialism", be it because they want France to rid herself of her Algerian entanglement in the interest of the wider purposes of the Western alliance. These people should realize that there is not a tittle of proof for the contention that the F.L.N. represents the majority of the Algerians. The







*Remembering Potsdam, De Gaulle is loath to have West merrily decide fate of Europe.*

facts rather speak against it: in the Algerian war, the rebels are killing at least ten Muslims for every Frenchman, and the F.L.N. is engaged in continuous, lively, internecine warfare with a rival nationalist organization, the M.N.A.

To say, "Let's turn Algeria over to the F.L.N.—after all, the Algerians, too, want to be ruled by their own people", is to advocate that we make another mistake such as the many which we have made in the past in similar circumstances. To give but two examples, by switching all our support, military and political, to Tito in the last war, just because he was shooting at the Germans the hardest, we greatly helped him in establishing a Communist regime in non-communist Yugoslavia. By backing Sukarno and his nationalists in Indonesia, and practically forcing the Dutch out, the United States merely helped bring to power a regime which had good reason not to put its claim to ruling the country to the test of an honest general election—and is not likely to do so in the foreseeable future.

The war in Algeria is thus undoubtedly going to go on in 1960. The French position has been strengthened by De Gaulle's promise of a free choice for the Algerians under conditions in which such a free choice could be made, a promise backed by his high reputation for integrity; by numerous reforms which have recently been introduced; and by the prospect of a spectacular economic development now that the riches of the Sahara

have begun to flow into and through Algeria. There is just a possibility, albeit not a strong one, that the French may succeed in 1960 in putting down the insurrection to a point where they would no longer have to deal with organized military resistance.

This would be very much in the interest of the West. NATO needs both French troops in Europe and French goodwill which has been seriously affected in recent years by British and American reluctance to stand by France in North Africa. France is now half in and half out of NATO. It is essential that she be wholly brought in again.

Another serious rift in NATO, that between Greece and Turkey, and Greece and Great Britain, was healed in 1959. The London agreements on the future of Cyprus of last February showed how right the British had been not to listen to the urgings from friends and foes to pull out of the island and let its fate be decided by that often unworkable Wilsonian device, self-determination. Had Great Britain pulled out prematurely, Turkey and Greece would have almost certainly come to blows. By staying on and fighting on until the main antagonists could (and wanted to) reach an agreement, Great Britain created the basis for a Cyprus settlement acceptable to all concerned. There is much hard sledding ahead for the new state which is to come into being early this year, but at least it has a chance now. Above all, Greek-Turkish co-operation on the eastern flank of NATO has been restored.

In the Americas, the year 1959 opened with the resounding victory of Fidel Castro's revolution in Cuba. People, many of them in Canada, who were starry-eyed about what they believed to be the restoration of liberty and democracy to a country which for so long had smarted under dictatorial rule, have come to take a more sober view of what has really happened. The prospects are bleak for the welfare of the Cubans and for stability in the Caribbean. The developments in

Cuba through 1959 are proof for the validity of the old saying that "the road to Hell is paved with good intentions".

The most important international issue in 1959, more important perhaps than the looming threat from Red China, was that of disarmament. Not much real progress was made, but the world demand for disarmament, above all for nuclear disarmament without further delay, reached such a pitch of intensity that it has become as good as certain that tangible results will be achieved in the not too distant future, some, it may be hoped, in 1960. In the meantime, Khrushchov has called for the millennium with his demand, last September, for total disarmament within four years. A new ten-nation disarmament committee has been formed and will meet in Geneva soon.

Negotiations for a nuclear test ban have progressed with painful slowness throughout 1959, but the parties are fairly close to a workable agreement now and, what is best, not a single nuclear weapon has been exploded during the year, to pollute the world with more strontium-90 and caesium-137. True, this happy respite will be interrupted in 1960 by the French tests in the Sahara, and the three countries which already have nuclear weapons have been undoubtedly busy improving on their "over-kill capability" (i.e. the capability to kill every inhabitant of this planet so many times over). But "hope springs eternal in the human breast", and where disarmament, particularly nuclear disarmament, is concerned, it is not just "hope against hope".

All in all, looking back at 1959, we may well congratulate ourselves at having got through a devilishly tricky year unscathed. It could have been worse, especially if the Russians had chosen to press us to the limit in the Berlin issue. 1960 will undoubtedly be another difficult one, the "spirit of Camp David" and the prospects for a summit meeting notwithstanding. But, then, when did our generation last have anything but devilishly tricky years?



*In the Middle East and North Africa, the war-pots boil as vigorously as ever.*



*Interior design of Vancouver theatre produces optimum acoustical effects.*

ing that all parts of the audience seating area receive their proper share of reflected sound from the ceiling and walls. (The reverberation time is constant throughout any normally shaped building and thus, though it is on the side of uniformity, it cannot be manipulated as a means of achieving it.)

The reverberation time chosen at Vancouver was 1.5 seconds—a compromise between the more desirable 1.7 for music and the more desirable 1.3 for speech. The result for music is an extreme clarity, which, when the house is full, will to some listeners seem too clear, and an almost unbelievable degree of uniformity. One of my few adverse criticisms of the appearance of the building was that the ceiling, when I looked at it from directly below (which it may be argued I had no need to do), has a rather "technical" appearance: horizontal areas broken laterally by shallow, odd-shaped strips and, inevitably, by air conditioning machinery and stage lighting. But the shape of the ceiling and the walls is what directs sound reflections to their appointed targets, and if a ceiling has to look like that to get a sound like that—let all future concert-hall ceilings look like that. Moving about the seating area during concerts to note differences in quality or even quantity of sound proved fruitless—there were no perceptible differences.

In Edmonton and Calgary, the chosen reverberation time was 1.7, which, had it been achieved, would have been especially suitable for romantic symphonic music but somewhat dangerous for occasions on which sound equipment would be in use. In fact, it was not achieved. T. D. Northwood and E. J. Stevens, in an article in the *Journal of the Acoustical Society of America*, assert that tests have shown the actual reverberation time to be 1.5, and on the main floor this is apparent to the ear. Why "on the main floor"?—with reverberation time a constant factor throughout the building this may sound like a contradiction in terms. The lack of uniformity which exists in these two buildings

is presumably caused by failure of the ceiling and wall design to distribute reflected sound evenly over the whole area. Thus the main floor has a slight tendency to lose acoustic "warmth" from front to back and the richest acoustical sensation occurs in the balconies.

It is difficult to know who to praise for what is praise-worthy and blame for what is blame-worthy in these buildings, because several people claim to have been the acoustic designers. The province's descriptive booklet seems to imply that Dr. V. O. Knudsen, the distinguished American expert in this field, had a hand in it, but a paragraph written by Dr. Knudsen for the booklet suggests that he is willing to disclaim the honor. Ronald Clarke, the chief architect, told me emphatically that he spent three months' intensive study on the subject and then designed it himself in collaboration with the National Research Council.

Dr. Northwood and Dr. Stevens, on the other hand, in the article referred to above, assert categorically that "the acoustical design project was carried out by the authors in collaboration with Mr. W. E. Rossman, Mr. M. F. Fayers and Mr. A. Steinbrecher of the Alberta Department of Public Works", after which they pay tribute to the "advice and support" received from Mr. Clarke among others. Presumably the fair assumption is that Messrs. Clarke, Rossman, Northwood, Stevens, Fayers and Steinbrecher all had an important part in it, and that some of them feel they did more than the others. Since Dr. Knudsen makes no such claim it is perhaps also fair to assume that he had no more to do with it than to make, in his own words, "a cursory examination of the plans".

It must not be thought, however, from these few criticisms that the Alberta buildings have failed: far from it—their bookings for the next two seasons show that. They have contributed much to the cultural life of Edmonton and Calgary, even to the extent that performing groups both musical and dramatic have come into existence directly as a result of the stimulus they provide.

For the writer, the most notable fact that emerges from the experience of Vancouver and Alberta in building these theatres is that, whereas a few years ago the flags of acoustical dawn were only on the hills, we are now in full sunlight. Anyone who is willing to set aside his prejudices long enough to listen can have accurate acoustical information about the pleasure-dome he plans; and I hope that the owners in Toronto and Montreal have done just that.



*Edmonton theatre spawned musical and dramatic groups, enriched city's culture.*





*Victors in seven successive provincial elections, Social Crediters are confident they can make Federal gains in '61.*

## Social Credit in Alberta After 25 Years

by John A. Irving

LATE IN NOVEMBER the Alberta Social Credit League held its twenty-fifth annual meeting in Calgary. Last June the Social Credit party, in power since 1935, scored the most remarkable electoral triumph in Canadian political history, winning 62 (if an independent devotee is included) of the 65 seats in the Alberta legislature.

When they heard the results of the June election, the opponents of Social Credit in Alberta were dumbfounded, for none of them had expected a defeat so overwhelming. Such Progressive Conservatives, Liberals, and CCF-ers as are left in the province must have been dismayed still further by the tremendous success of the silver anniversary celebrations of the Social Credit League.

The recent convention was easily the largest and most enthusiastic that the League has ever staged. The zeal and energy that the delegates manifested on behalf of the doctrines of Social Credit indicate unmistakably that the movement has never been more powerfully entrenched at the grass-roots level of the Alberta community than at the present time.

During the past twenty-five years Social Crediters have not only retained control of the government of Alberta but have also achieved political power in British Colum-

bia. If they have been much less successful east of Alberta, they have at least felt sufficiently strong on occasion to contest provincial elections in Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. They have also contested the last seven federal elections. Between 1935 and 1958 the Social Credit party was continuously represented in the House of Commons by members who, at various times, were elected from constituencies in four provinces.

As they face their second quarter century Social Crediters have every reason to be optimistic concerning the future when they consider their achievements in Alberta. There they have solved, in eminent degree, all the problems the passing years have presented.

They have succeeded in institutionalizing the roaring social movement of the nineteen-thirties. They have won seven successive provincial elections. They have destroyed the United Farmers of Alberta and the Independent party; they have robbed the cradle in Alberta of the CCF; they have prevented any effective resurgence of the Liberals and Progressive Conservatives. They have continued to develop able leaders at every level of the movement.

In spite of their inability to implement Social Credit measures in Alberta, owing to the provisions of the BNA Act, they have kept aflame the philosophy of monetary reform. For tens of thousands of people Social Credit has become an ultimate approach to politics and economics. Over the years Alberta has remained a citadel from which evangelists of the great idea have constantly descended upon the rest of Canada.

How can we account for the continuing strength of the Social Credit movement in Alberta? Unquestionably, one of the most important factors has been the capacity of its leaders to adapt the movement to changing conditions. Beginning as a radical movement which was detested, and indeed feared, by the business community, Social Credit has calmed down since the death of William Aberhart in 1943.

Under the leadership of the Honorable Ernest C. Manning, who was chairman of the first Social Credit convention ever held in Canada in the spring of 1935, the movement has "jelled". Today, in Edmonton or Calgary, the business men will tell you that Alberta has the most efficient—and the most conservative—government in Canada.





Kennedy: Keep "brass" close to "grass"

Another reason for the electoral success of the Social Credit party in Alberta is to be found in its crusade against Socialism. Aberhart actually met near electoral defeat at the hands of the Independents in 1940. No sooner had Mr. Manning called his own first election in 1944 than he announced that the significant issue was Socialism.

The business community accepted literally the new premier's rightist interpretation of Social Credit and the oft-repeated slogan that he wanted to "make capitalism work". Thousands who feared Socialism then proceeded to vote for the party they had opposed so bitterly in 1935 and 1940.

The election of 1944 marked a turning point in the ideology of the movement, for the formula of that year was repeated, with increasing success, in 1948 and 1952. The latter year also saw the Social Credit crusade against Socialism carried into British Columbia. Neither the all-out attack on Mr. Manning which the Liberals mounted in 1955 nor the much too-optimistic campaign which the Conservatives launched last spring could succeed with an electorate that has become profoundly convinced that Social Credit is the existing system's best bulwark against Socialism.

It would, however, be an egregious error to suppose that its crusade against Socialism is the only source of the appeal of the Social Credit movement to the people of Alberta. Throughout their highly successful campaign last spring Social Crediters, in fact, stressed the positive appeal of monetary reform much more than their critique of Socialism.

At the Calgary convention it was abundantly clear that they have not abandoned a passionate devotion to monetary reform. To them, the philosophy of Social Credit has become a Way of Life. Their experience with the economic and political systems has convinced them that there is something seriously wrong with capitalistic democracy. The Social Credit analysis explains accurately to them just what is wrong. They want to fulfill, not to des-

troy, the capitalistic system. They believe that the gospel of monetary reform will be as highly charged in the inflation-ridden nineteen-sixties as it was highly charged in the depression-ridden nineteen-thirties. Nor will they listen to refutations of their doctrines by orthodox economists. To them, such hostile critics are merely pecking away at Social Credit theories on the basis of presuppositions that lie completely outside the true philosophy.

To implement their theories of monetary reform Social Crediters must, of course, attain power at Ottawa. Their spectacular victory in Alberta last June has led to a buoyant optimism regarding their future as a federal force. A national convention will be held in Ottawa in July to select a new leader and to make plans for the next federal election, which will probably be held as early as 1961.

The selection of a national leader to replace Solon Low immediately directs attention to the future of the premier of Alberta. Many Social Crediters, both inside and outside the province, are con-



days devoted to Women's Auxiliary

vinced that Mr. Manning, and Mr. Manning alone, has the essential qualifications for the post. They admit that the Hon. W. A. C. Bennett, premier of British Columbia, is a dynamic leader and a compelling speaker, but they do not consider that he approaches Mr. Manning in national stature.

There can be little doubt that a vigorous attempt will be made by Social Credit leaders throughout Canada to persuade Mr. Manning to accept the national leadership. The premier's address to the convention dealt almost entirely with federal matters, but it gave no inkling as to what his ultimate decision would be regarding the national leadership.

In this same address he insisted that there is a desperate need for a realistic alternative to fill the political vacuum created by the ineffectiveness of the old-line parties. The Conservatives, although they had an overwhelming vote of confidence in 1958, have not fulfilled the

expectations of the people who brought them to power. The Canadian people, he continued, have been faced instead with a mounting public debt, a decrease in the value of the dollar, rising building costs, the highest interest on money since the nineteen twenties, and the highest peacetime tax rates. The Conservatives have clearly betrayed the faith of the Canadian people. He added, however, that "there is little, if any, fundamental difference between the old-line parties when they are in power".

On the constructive side, Premier Manning proposed a Social Credit federal five-year plan that would inform Canadians regarding the benefits they would receive under a Social Credit government. Such a plan would be the national counterpart of the provincial five-year plan that he announced in 1958 and that is now being implemented in Alberta.

In conclusion Mr. Manning insisted that the philosophy of Social Credit, and only the philosophy of Social Credit, can solve the four problems which confront Canada today. These great problems are: how to supply purchasing power to finance the desired level of consumption without increasing prices or decreasing the value of the dollar; how to distribute this purchasing power to ensure a reasonable standard of living for all; how to ensure an adequate supply of investment capital; and how to dispose of surplus production in competitive markets outside of Canada and to less fortunate countries.

The premier's address convinced the delegates that never before have so many of our national problems been capable of an interpretation in terms of monetary reform as at the present time. They returned to their homes prepared to work with redoubled vigor for the election of Social Credit members to the House of Commons. There can be little doubt that in the next election the incumbent Conservative Members of Parliament in Alberta will feel the shattering impact of the new federal offensive that the Social Crediters are planning.



... "jelling forces under Manning.

Will Mr. Manning accept the national leadership? It is too early to predict, but there is one factor of the utmost importance in his career that could take him out of politics altogether. It needs to be emphasized that any realistic assessment of his future must not overlook his religious interests and commitments. Religion means much more to him than politics, and his popular appeal as an evangelistic preacher is exceptionally strong. If he were to devote his full-time to religion, he could become the most influential evangelist of our time, Billy Graham not excepted.

The challenge of Christianity suffuses the whole being of the Premier of Alberta. He believes, and believes fervently, that the Bible makes it clear that man's separation from God is the basis of all our problems in personal and public life, nationally and internationally. "The same Bible", he recently told a Christian Businessmen's International Committee in Minneapolis, "then makes clear to man that there is only one solution. It is not by education, reform or human effort, but only to a personal spiritual new birth". Devotion to the cause of Jesus of Nazareth could lead, and may yet lead, Ernest Manning to give the rest of his life entirely to things spiritual and let others assume the leadership in things temporal. Meanwhile, his extensive religious interests and activities are responsible, in no small measure, for the continuing appeal of the Social Credit movement to the people of Alberta.

A consideration of its philosophy and its leadership does not tell the full story of the multivalent appeal of the Social Credit movement in Alberta today. During the rise of the movement in the nineteen-thirties William Aberhart, its founder, perfected remarkable techniques of organization and promotion. Many of the earlier operating tactics are still in use. The recent convention included, for example, a colorful reception at the birth-place of the movement, the Calgary Prophetic Bible Institute, which was described by one speaker as "hallowed ground". The persistence of successful older techniques has not precluded, however, the introduction of new methods to meet the needs of today.

The master-mind of the Social Credit organization in Alberta is Orvis A. Kennedy. One of the ablest and most tireless organizers in the history of Canadian politics, Mr. Kennedy has been identified with the provincial and national movements since 1934. As president of the Alberta Social Credit League his basic motive has always been to keep the "brass" in close touch with the "grass". His success in this difficult task approaches perfection.

The intimate relationship between leaders and led that has developed under Mr. Kennedy's presidency of the move-

ment was apparent throughout the convention. Several cabinet ministers, for example, submitted the problems and policies of their departments to the close scrutiny and criticism of the delegates. At a "jam session", closed to the press, the premier himself engaged them in a free and easy discussion of the problems confronting the government of Alberta today. The substance of this discussion must, of course, remain confidential, but an objective observer of the proceedings could not but fail to be impressed by Mr. Manning's sincere desire for criticism, as well as for new ideas, from the rank and file of the movement.

The response of the people to the movement may be illustrated still further by the comprehensive programme of the convention. The proceedings included a day devoted to the Young Social Credit League, a day to the Social Credit

Convention in August, 1958, at which they elected a new leader, might have predicted the outcome. The Conservatives have never held office in the province. Their Edmonton convention was naturally crowded with "enthusiastic" self-seekers, anxious for Ottawa patronage in any form, but unwilling to do any real work for the party.

The Conservatives now realize that they made a fatal error in rejecting the brilliant Ernest Watkins as their leader in favour of the dull and uninspiring W. J. C. Kirby. They also had to carry the heavy burden of the growing disillusionment with the Diefenbaker government, which is much more pronounced in Western than in Central or Eastern Canada.

The Liberals, who won 15 seats in 1955 under the aggressive leadership of Harper Prowse, were of course the biggest single victims of the Social Credit landslide.



*Institutionalizing the roaring social movement of the thirties has been the task of the Alberta executive: Smith, Davies, Manning, Kennedy and Porter.*

Women's Auxiliaries, a day to the Constituency executives, and an evening to a public meeting open to anyone who wished to attend. It should also be added that Mr. Manning, Mr. Kennedy, the Cabinet Ministers and the members of the Legislative Assembly are indefatigable in promoting the movement through numerous speaking tours and organizational activities at all seasons of the year.

While the Social Credit movement is enjoying its finest hour, the opposition parties in Alberta are in the doldrums. The image of the CCF has become extremely blurred in the public mind owing to the decision of its national leaders to submerge its identity in a new farmer-labour party. In last June's election the CCF representation in the Alberta legislature was wiped out, and the party fortunes have never been at a lower ebb in the province than at the present time.

The crushing defeat experienced by the Progressive Conservatives last June was even more impressive, considering the Diefenbaker sweep of 1958, than the CCF debacle. But an objective observer of their

Grant MacEwan, who had replaced Mr. Prowse (owing, it is said, to the catastrophic intervention of federal leaders) led the Liberals to their most disastrous defeat in Alberta's history.

Albertans feel that the intellectual and political bankruptcy of the Liberals was never more apparent than in the speech of the Right Hon. James G. Gardiner at the Liberal Convention held in Calgary immediately before the Social Credit meeting. Liberal stalwarts themselves are remarking, half facetiously, half anxiously, that it is no wonder Mr. MacEwan has asked the party to find a new leader within a year!

In the meantime Mr. Watkins, who was the only Conservative to be elected last June, is now the white hope of the opposition in the new Alberta legislature. It is generally agreed that he will receive little effective support from the lone Liberal and the Coalitionist who also survived. Even Social Crediters are wishing Ernest Watkins well, for they are vividly aware of the fate of the St. Laurent government.



# London Letter

by Beverley Nichols

## Dark Horses and the Never-Never

WHEN YOU HAVE to jog the elbow of the driver on the taxi-rank because his nose is buried in the city columns, and when your favourite barmaid leans over the counter to whisper that she has inside information about a new take-over bid in the brewery trade, it is time to watch your step. That is what was happening in London as 1960 came over the horizon.

The little man—and the little woman—are playing the market for all they are worth. Even the elevator boys are in it. The debutante's idea of ideal escort is no longer the heir to an ancient title but a young man in a good broker's office who may be presumed to be "in the know". And one of the most fashionable of Mayfair's clairvoyants has just bewailed the fact that his clients no longer seek his advice on affairs of the heart. They are not interested in dark strangers across the water; they want to know about dark horses in Lombard Street . . . such as the ebullient Mr. Clors.

Those of us who are old enough to remember the Wall Street crash of 30 years ago would be hardly human if we did not have occasional twinges of foreboding. Are they justified? By and large, it would seem that they are not. Physically, Wall Street may be built on impermeable rock and the City of London on flaccid clay, but there the resemblance ends. The basic financial situation in London, vis-à-vis America, is healthy. Consider only one aspect of the balance sheet — hire purchase.

"Never-never" sales have been running at between £4 million and £5 million a day, and end of the year figures are expected to show total H.P. debt at £900 million. This is a three-fold increase on last year, and offers proof of a drastic change in British social thinking. Not only are automobiles, refrigerators, television sets etc. now almost invariably bought by hire-purchase, but weddings and even honeymoons can be paid for by instalments.

All this is worrying to the older folk, but they may console themselves with the thought that Britain has still a very long way to go before she catches up with the H.P. situation in the U.S.A. There the debt is £75 a head. Here it is still a modest £15. Another consoling thought . . . men who have incurred debts which must be paid off week by week are less

likely to lend their support to "wildcat" strikes.

Meanwhile, we have to announce the discovery of a new continent. True, it is only a stage continent, in the shadowy land of show business, but it may contain



With M1: Quiet country roads again.

many a rich strike of gold for the future impresario. Its name is Soho—the sleazy square mile of cosmopolitan London bounded by Oxford Street on the north, Tottenham Court Road on the East, Coventry Street on the South, Regent Street on the West. (The mention of Regent Street prompts me to observe that never in its long history can it have looked so beautiful as it did at Christmas. The whole of the long, sweeping crescent was hung with gigantic chandeliers in crimson, blue and emerald green. They were so enchanting that the crowds did not seem to care that they brought traffic to an almost complete standstill.)

But we were talking of Soho. The reason why it may be regarded as a new "continent" of show business, as rich in possibilities as Harlem to New York or Montmartre to Paris, is to be found in its sudden brilliant exploitation in a musical called *The Crooked Mile* and, even more, in a film called *Expresso Bongo*. These two shows, whether we like it or not, have tolled the knell of the old-fashioned British musical which did little but ring the melodic changes on the Cinderella theme, against a background of rose-tangled country cottages.

They might have been directly aimed at Broadway, to substantiate the claim that "Anything you can do, we can do better". Or perhaps we should say . . . worse . . . for the competition is in brashness, violence, and a frightening, angular, screaming virility. New York has its Puerto Ricans? O.K. We have our Teddy Boys. Paris has its nude shows? Eh bien! We have our strip tease joints. Charing Cross Road can turn out even hotter tunes than Tin Pan Alley in these days. But we have more than this . . . we have an ancient civilization, and a tradition of satire which can produce parody a good deal more pointed than ever came from the pen of a Dorothy Parker.

And in *Expresso Bongo* we have produced it. Perhaps the high spot of the evening is where an oversexed teen-age rock'n roll boy singer leaps into fame on a Sunday night TV spectacular, before a vast audience of swooning idiots, with a song called "The Shrine on the Second Floor". This is a "religious" number about his mother who—in real life—is a nagging harridan who believes only in the power of money.

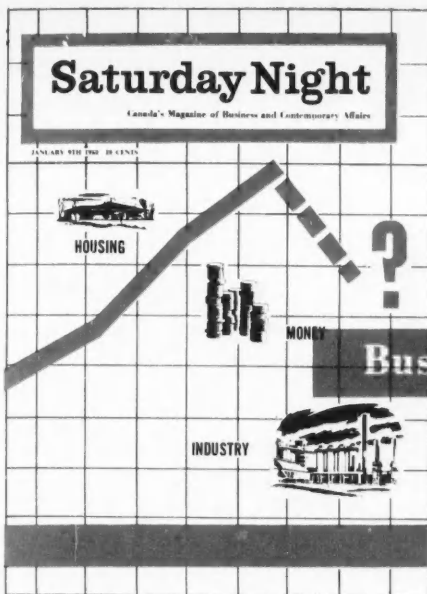
We have certainly come a long way from *Iolanthe* and the *Pirates of Penzance*.

I have made two trips on the "M1", the new motor road which stretches—almost—from London to Birmingham. For Britain, which has the worst road system in the world, it is a remarkable achievement, quite as good as the average European "autobahn". The first trip was a scarifying experience. Hundreds of motorists, accustomed for so many years to crawl through country lanes designed for horse traffic, completely lost their heads; as soon as they got on the road they stepped on the gas, and continued to step on it till their engines revolted or their tires burst. The sides of the road were littered with car casualties.

The second trip, a fortnight later, was much calmer. After the first intoxicating experience of freedom the motorists, having purged their accumulated years of frustration, settled down to a steady average of 50 miles an hour. In a car capable of accelerating to an easy 70 you could pass almost any of your rivals.

The "M1" will have a wider economic and social impact on Britain than has yet been realized. It is as though an artificial canal had been slashed straight through the heart of a well watered country, drawing off the traffic of a hundred tributaries. The old winding roads to the North have suddenly dried up; the golden stream of lorries and business cars is a thing of the past; and many an inn-keeper stands by an empty door. This is possibly a tip for the Canadian holiday-maker to remember. Next summer, on the old roads, there will be comparative peace . . . quiet villages, abundant hospitality, and a return to the old way of life.





## Business: The Way Ahead for 1960

# Inflation: The Battle for the Sound Dollar

by R. M. Baiden

WHEN THE GOVERNOR of the Bank of Canada recently warned that we are now engaged in a showdown fight against inflation, nothing more than a vague sense of uneasiness upset the national euphoria. Yet the fact is that we have come to a watershed in our economic development; fiscal and monetary policy in the year 1960 may hurt a lot of businesses if the Government does what it promises.

What J. E. Coyne said at the time was that the depression-born period of low interest rates is ended. We will, he said, be faced with a period of high interest rates for "as far ahead as it is worth our while to look". In effect, what he was saying was that we are going to go through a wringer: the time has come to squeeze a lot of water out of our economy. In the process, a lot of people—businessmen and investors—could get hurt.

When Coyne said that interest rates will be high he meant, in effect, that the money supply will be rigidly controlled—that we

will have "tight money" for some time to come. In this, of course, he was reflecting, in part, the views of the U.S. Federal Reserve Board and the renewed determination of the U.S. Administration to achieve a balanced budget. Canada, then, is acting as at least a de facto partner of the U.S. in a massive North American attempt to stem inflation.

Despite public equivocation by Canadian Government leaders, it is fair to assume that this policy, as far as Canada is concerned, is primarily a creature of the Canadian Government to be administered by the Bank of Canada. From this it follows that Government fiscal policy will be designed more to coincide with an anti-inflationary monetary policy than has been evident in recent years.

That these policies have diverged in the past is beyond doubt. The highly touted Conversion Loan is a classic example.

In the year ending October 31, 1958, the Bank of Canada permitted an increase of \$1,600 million—14 per cent—in the

money supply. This increase was not the result of an increase in demand for bank loans. It resulted, almost entirely, from the chartered banks being enabled to take up an increase of nearly \$1,300 million in the direct and guaranteed funded debt of the federal government. This was at a time when the investing public showed a distinct disinclination toward buying government bonds.

In discussing this in his annual report, the Governor of the Bank of Canada said:

"The degree of monetary expansion . . . was substantially greater than would have been necessary or desirable for monetary and economic reasons alone, but was, I believe, justified and unavoidable in order that a strenuous and successful effort might be made to deal with serious problems affecting the financing of the Government's cash deficit and the condition of the public debt."

The importance of this passage is threefold. It shows clearly the primacy of Government policy over Bank of Canada actions—when Government fiscal policy clashes with Bank of Canada monetary policy, fiscal policy will, in the end, prevail. It also shows that the central bank lost control of the money supply during the refunding operation.

It is also, and perhaps this is the most important consideration, a clear demonstration that rapidly rising government spending and large deficits make control of inflation by monetary means exceedingly difficult and in some cases impossible.

If, then, we are to assume that the Governor of the Bank of Canada meant what he was saying when he forecast high interest rates and that he said it with the knowledge and approval of the Government, what may we expect?

First of all, greater harmony and unity of purpose in fiscal and monetary policies. The new Budget will be the key to just how determined the Government is to fight inflation. It may also contain a clue to how imminent the Government thinks the next recession may be.

Secondly, it is apparent that the central bank will strenuously resist any future attempt to monetize the public debt, as was done by the Conversion Loan. It will, further, be reluctant to expand the money supply, at the behest of business, to any appreciable degree—especially if it expects a business recession to begin by the end of the year, and it will strive to reduce public liquidity.

The attack on liquidity has undoubtedly gained new importance by the prominence

given it by the recent Radcliffe Report on central banking in the United Kingdom. Indeed, in the first substantive comment of the Report, the authors state ". . . it is the liquidity of the economy, rather than the 'supply of money' that the authorities should seek to affect by their use of monetary measures . . .".

What is this "Liquidity" in our financial structure?

In 1913, at a time of high interest rates, liquid assets in this country totalled about \$3,000 million. Of this total, \$1,200 million, or 40 per cent, was in money, \$800 million in bonds and \$1,000 million in stocks.

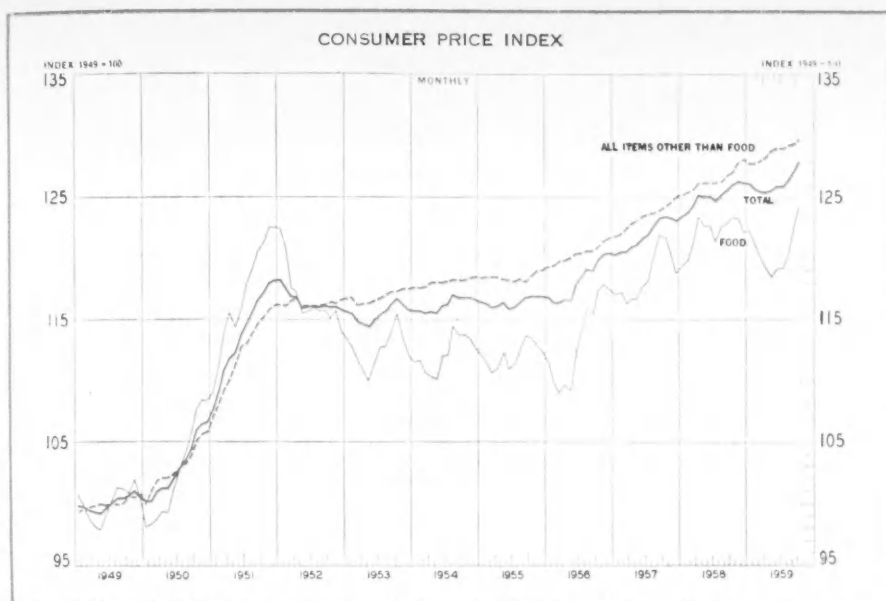
In 1957, by contrast, total liquid assets reached \$65,000 million. But of this total, only about 20 per cent was represented by money. By far the greater percentage of liquidity was represented by outstanding bond and stock issues.

In discussing this recently, A. N. McLeod, Toronto-Dominion Bank economist said:

"Indeed the contrast is even greater, for our bonds and stocks today have a much broader market and are thus much more liquid and much of our government debt is in Canada Savings Bonds (payable on demand) and short-dated treasury bills. Organized stock markets handle a huge



Determination to curtail money supply—total of outstanding currency, chartered bank deposits—is reflected in chart.



Consumer Price Index, barometer for living costs, rose sharply last year.

turnover every year, and over-the-counter trading in bonds is both active and highly competitive."

As McLeod points out, this is a fine thing for the individual—he can sell his holdings if he wants money—but there are serious disadvantages for the economy as a whole.

It has, for example, emphasized short-term trading and capital appreciation at the expense of long-term investment for income. Even insurance companies and pension funds have become greatly concerned with short-term trading advantages. This, in turn, puts added strain on the bond market as these "non-bank financial intermediaries" try to guess the market's turning points.

The danger is readily apparent. If this tendency is allowed to grow, and if it should spread to other markets—such as the stock market—monetary policy could simply become inoperative. Monetary policy depends upon open market operations i.e. upon dealings in the Government of Canada bond market and the treasury bill market. This is especially true when monetary restraint becomes necessary after a long period of easy money because the excess liquidity of the public must be eliminated. The result could be that the clash of interests between Government monetary policy and short-term trading advantages might break the market.

Neither of these two major monetary objectives—restricting the money supply and eliminating excess liquidity—will be easy.

Some chartered banks, for instance have been critical of the central bank's policy. G. Arnold Hart, president of the Bank of Montreal, said early last month:

"I therefore raise the question of how long a national money supply that happened to be determined by a government

deficit should be expected to suffice for the needs of a subsequent business recovery. As I noted at the outset, there is still unused manpower and productive capacity in the Canadian economy. At some stage in the future, the present stringent policy of maintaining an inflexible money supply will surely be capable of modification without rekindling the inflationary fuel."

Business, too, has been quick to point out the need for a high degree of liquidity. Trust companies say the utmost liquidity is necessary for the investment of their savings deposits. The recent Savings Bond

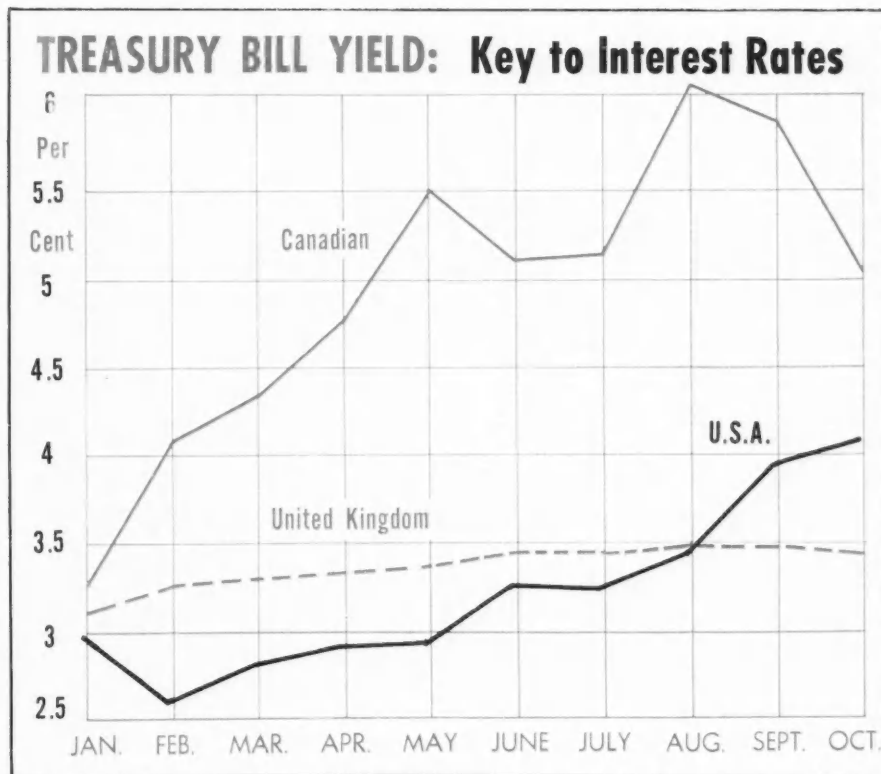
sales and the high "after tax" yields of Government of Canada bonds produce a loss of deposits. Unlike banks, trust companies receive no redeposit from the government while a substantial proportion of assets may be in mortgages or municipal bonds. For corporations, as such, the utmost liquidity is simple prudence. In times of "tight money", they must be prepared not only to finance themselves but also to assist customers.

Despite these, and other, formidable objections, there can be little doubt that a sincerely held and rigorously pressed policy using both monetary and fiscal techniques in concert with those of the U.S. could significantly retard the growth of inflation in North America.

With this in mind, there will be a number of differences in the next business recession—and "the next one" may be upon us by the end of this year.

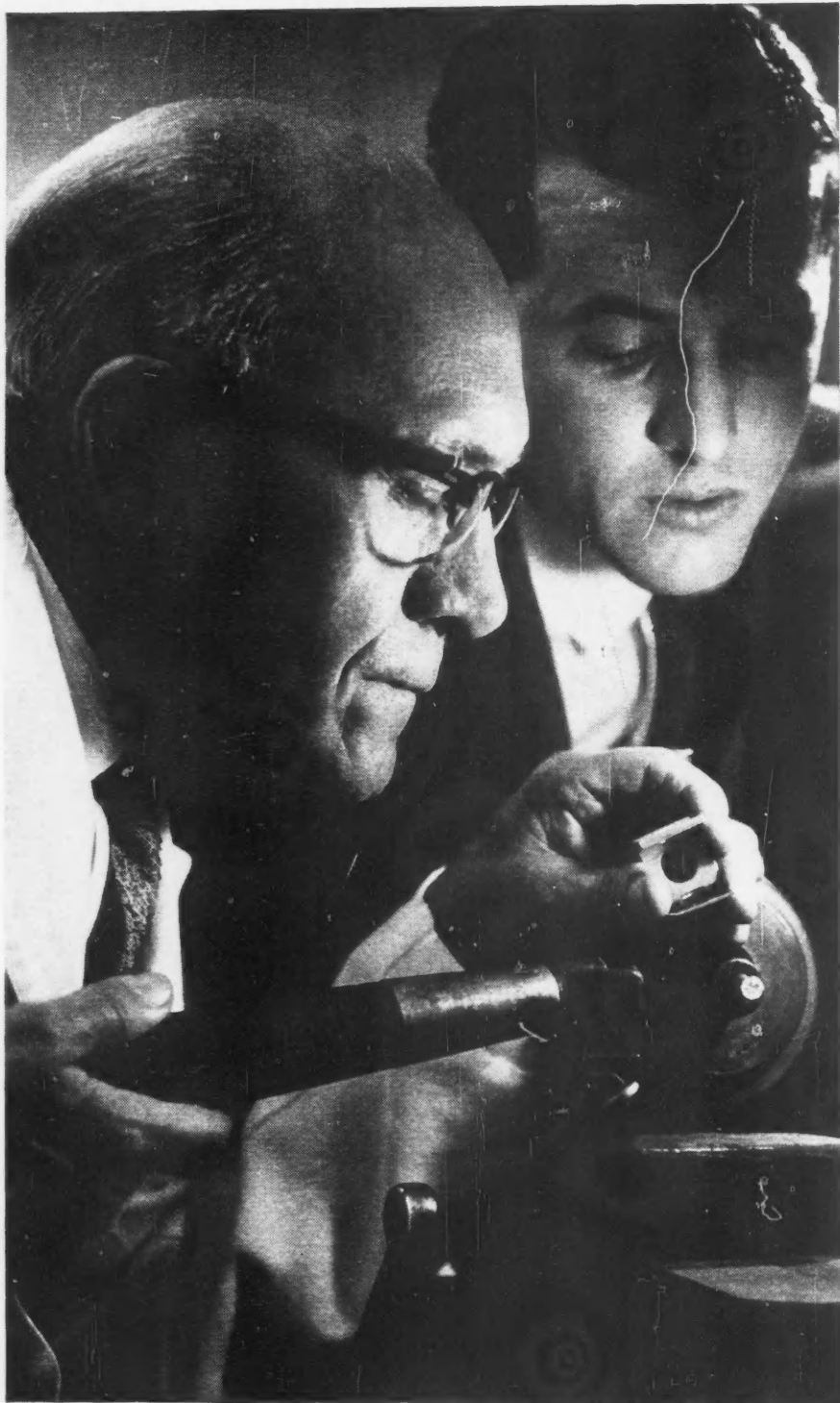
Before 1945, every boom and subsequent recession left some casualties. Financial difficulties were common—postponements of interest, bankruptcies and reorganizations were not uncommon.

By and large, this has not been the pattern since 1945. The difference has been the willingness of the government to expand the money supply as soon as a recession began. This happened in 1949, 1953-55 and 1957-58. In short, the so-called "creeping inflation" since 1945 has, in effect, rescued many managements from the results of their own mistakes while enhancing the value of a lot of plant and equipment behind some thinly secured bond issues.



Canadian and U.S. treasury bill yields rose steeply in contrast to U.K.





Good judgement comes  
with experience... and  
Johnnie Walker Scotch  
proves your judgement



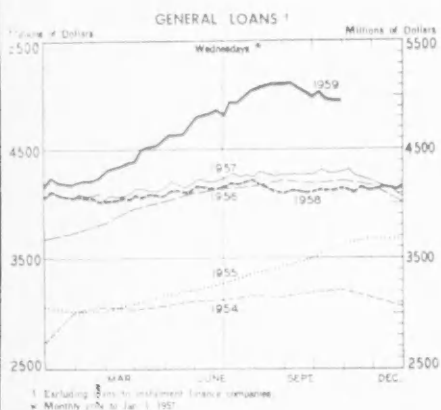
Born 1820 - still going strong

But this time with indications that the money supply may not be increased sharply for our next recession or, alternatively that any increase will be quickly mopped up in the ensuing recovery, there will be no such convenient cover for management miscalculation—particularly in such areas as unwarranted expansion.

The next recession, therefore, may place more businesses in financial straits than at any time since the Second World War. We can expect more postponements on sinking funds, deferment of interest, postponement of dividends and so on.

It would not, of course, take many such defaults to induce a "new" attitude to corporate bond issues by investors. This, in turn, would cause a widening of yield spreads between corporate bonds and Government of Canada bonds.

Nor would the effects stop there. Since 1945, gross provincial direct and guaranteed debts have risen from less than \$2,000 million to about \$6,000 million.



*Despite "tight money", bank loans rose.*

In the same period, municipal debt has risen from \$900 million to close to \$4,000 million. Together, they total about 3.2 times the 1945 figure. In the same period, the Gross National Product has grown about 2.75 times. The point here is that although the debt growth has not been unduly swift in relation to GNP growth, the persons who must pay this debt have also been increasing their mortgage and consumer debt at an entirely unprecedented rate. And both these forms of obligations must be paid from the same income.

Until now, these debts have been paid from rising incomes, with much of the rise simply a manifestation of "creeping inflation".

It is obvious, then, that the battle to achieve a sound and stable dollar will hurt some sectors of the economy. Business, junior governments and individuals will suffer—particularly those whose recent activities have been predicated upon the inevitability of "creeping inflation." But it is no exaggeration to say that upon winning the battle depends our economic survival.

# Capital Investment: No New Boom

by Robert Jamieson

THE U.S. is expecting the biggest-ever year for capital spending. Some theorists are arguing, therefore, that Canada's capital outlay will follow suit, and jump between 10 and 15 per cent over 1959.

But this is not the opinion of more sober thinkers. There are a great many "ifs" in the Canadian situation, and even when the most favorable assessment is made, it is not felt that the increase will exceed 10 per cent (if it makes that). It could be as low as two to three per cent.

It is worth looking at the United States picture. The McGraw-Hill survey published in mid-November puts business spending for capital purposes at 10 per cent more than 1959. Since these figures were compiled, however, opinion has grown in the United States that they will be substantially exceeded.

They are based on an assumption by industry of a big increase in sales—of an average for all manufacturing industries of nine per cent. Some industries, such as steel, have substantial programs deferred from 1959, and iron and steel, therefore, shows an increase of 76 per cent expected for 1960. But other industries, without deferred programs, have also substantial gains e.g., pulp and paper plans a 35 per cent increase and chemicals 24 per cent. Autos and parts sets a 30 per cent figure and rubber expects 31 per cent more.

None of these, certainly not pulp and paper, is likely to be paralleled in Canada.

There is as yet no significant estimate of capital spending here for next year. The Department of Trade and Commerce's review, which is the standard source, is only now in preparation, and will not likely be available before March. What we can get now are the informed guesses of people concerned with this sort of work, and the hunches of the shrewder observers of the economic scene. Naturally, such people will seldom be quoted on their guesstimates, and what follows is a summary of the views of a great many people, with some deductions from what data is available.

To take 1959 first. The mid-year review showed a substantial adjustment upwards of the estimates made at the beginning of the year, and it looked as though a boom were swinging forward. Or, at any

rate, this was the hopeful conclusion drawn by those who wished to do so. The expectations of business capital formation increased 4.4 per cent between the review at the beginning of the year and the mid-year review. The items under the heading housing and social capital increased by only half a per cent in that time. However, it was this category which enabled the revised estimate to show an increase over 1958 actual of 1.5 per cent, for despite the increase in some areas of business of as much as 21 per cent, the business capital formation category was down 0.4 per cent on 1958. In total, these midyear estimates saw 1959 capital spending reaching \$8,545,000,000, an increase of 1.5 per cent on 1958 actual.

It is too soon to know what was actually achieved. But the best opinions are that there will not be a further upward adjustment, and that the year will end up with total spending around the figure given in

the midyear review, that is, \$8½ billion. It means a record year for construction, and that spending for new machinery and equipment will have reversed their previous downward trends.

However, 1960 is going to be a very difficult year to forecast, even when the Department of Trade and Commerce have all their data assembled. There are at least three big "ifs"—questions that could in themselves modify the final result by one or two percentage points or more. These are:

1. If a quick decision is made to permit natural gas exports to the United States on the four applications now before the National Energy Board, a spending program of \$700 million will be begun by these four companies. Substantial additional spending will result from the activities among supplying companies and service industries. Such a program would take about three years to complete and

Capital Spending 1958 and estimate 1959, with SATURDAY NIGHT's guesstimate for movement in 1960

Sector	1958	1959 Revised midyear estimate	1958 to 1959 Revised	Saturday Night guess on movement in 1960
<b>Business Capital (excluding Housing):</b>				
Forest and mineral products.....	650	626	- 3.7	DOWN +
Fuel and power.....	1,380	1,153	-16.4	UP SLIGHTLY
Trade, finance and commercial services..	692	837	+21.0	UP 30 per cent
Transportation, storage and communication.....	970	974	+ 0.4	UNCHANGED
Other.....	1,149	1,230	+ 7.0	UP
<b>Sub-total.....</b>	<b>4,841</b>	<b>4,820</b>	<b>- 0.4</b>	<b>UP, possibly by 8-10 per cent</b>
<b>Housing and Social Capital:</b>				
Housing.....	1,781	1,728	- 3.0	DOWN heavily
Institutional services.....	490	570	+16.3	UP
Government departments and waterworks.....	1,305	1,427	+ 9.3	UP slightly
<b>Sub-total.....</b>	<b>3,576</b>	<b>3,725</b>	<b>+ 4.2</b>	<b>LITTLE CHANGE</b>
<b>Total capital expenditures.....</b>	<b>8,417</b>	<b>8,545</b>	<b>+ 1.5</b>	<b>UP, but increase may be 3-4 per cent or 8-10 per cent + =</b>

+ Granting of export permits for natural gas would add perhaps \$200 million if given in time.

= Although housing will certainly be down, governmental capital spending and institutional spending may rise, depending on outcome of battle between pressure for facilities and counter-pressure to keep budgets down. If this expenditure does rise substantially, and if pipeline construction gets under way quickly, then the higher bracket of increase of 8-10 per cent may be achieved.

Source: Columns 1-3, Mid-year Review, 1959; Col. 4, Saturday Night.

it can be assumed that about \$200 million might be spent in 1960 if a decision is reached quickly enough. This alone is about two and a half per cent of total capital spending of 1959. There would, no doubt, be other projects for selling gas to the United States, which could see a start in 1960 if a favorable pattern were set by decisions on the present applications.

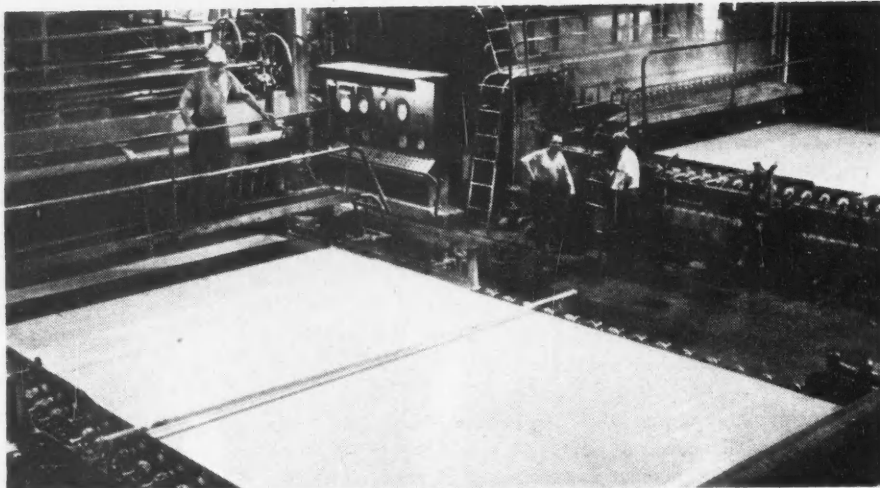
2. Housing is likely to be far below the 1959 total, which itself will probably turn out to have been below 1958. There is evidence of overbuilding in many areas, but, more important, the cost of mortgages is now becoming formidable, and even when the cost can be met, the supply of mortgage money is likely to be small. It is difficult to see the government supplying a significant volume of money for this purpose in the face of its present policies, though it will certainly not want to appear to cut off National Housing and Mortgage Corporation funds altogether. Some easing might come from the expected increase in the upper limit of six per cent in the interest rate chargeable on NHA insured mortgages. But even on the most favorable assumptions, few observers can see any large volume of mortgage funds being available for housing.

3. There is heavy pressure on municipalities and provincial governments for all kinds of social capital works—such as schools, institutions, hospitals, roads and, indeed, every kind of public work—and there is clearly a great backlog of work in this area that will have to be undertaken some time. But there is also heavy pressure on these bodies to keep down their taxes, and the cost of getting capital has risen (and, as James Coyne has pointed out, is likely to stay high for as long as can be foreseen). Which pressure will prevail? In the long-term the pressure to build will probably win out, but in 1960, when the money market is likely to continue to be confused, the probability is that a great many projects will be initiated, and then not carried out when the cost is reckoned, or postponed in the hope of getting money more cheaply some months later. This state of affairs will probably last through the year, and make the first review and the midyear review of capital spending very difficult to compute.

To take a look at some of the sectors of spending:

**Petroleum:** No increase likely, unless the natural gas export permits are granted in time to start work this year.

**Mining:** No increase likely on projects already announced. The markets in metals would have to move upwards a long way and be sustained for some time before capital spending in Canada would be substantially influenced. Probably end up about the same as 1959 (midyear review put forest and mineral products together at \$626 million, and the year has probably



*In U.S., business spending for capital purposes is rising. Pulp, paper and . . .*

closed rather lower than this.)

**Utilities and Transports:** Planes coming in on the order of TCA and CPA will be important in 1960, but on the whole, the total will probably not be much greater than the \$974 million forecast for 1959 in the midyear review.

**Manufacturing and trade and commercial services:** The midyear review saw these being increased by 21 per cent in 1959 over 1958. A strong increase is expected for 1960. Indeed, it is likely that this sector will see the largest rise in volume, as well as percentage and, with the possible addition of a pipeline boom, will account for any increase in total capital spending that occurs.

**The Public Sphere:** Government departments and waterworks were shown in the midyear review as increasing by 9.3 per cent in 1959 over 1958. With pressure on budgeting it is difficult to suppose it will increase as much in 1960. Housing was down in the midyear review by two per cent. It will probably be down much more in 1960. Institutional services, which are a smaller proportion of the total, will probably show the largest percentage rise, as they probably have done for 1959. On the whole, this sector—which was reckoned

at \$3,725 in the midyear review—will probably rise again by at least 5 per cent. But it is this part of the total that will be the most difficult to estimate.

This sums up to "No New Boom". But consumer spending has gone up, and it is not surprising that the biggest element in the increase is likely to be in the manufacturing industries. Manufacturers have done well and expect greater sales, so they expand. The national resource industries will be marking time, except for the fillip expected from a purely political act, the granting of gas export permits. But their time will come later, as the fast-moving United States economy demands more and more raw materials, and the present gluts disappear. Then the impetus to dig more mines and build more processing plants will be felt again. The big snag here is price: Canadian efficiency of operations must discount the premium on the Canadian dollar, or that premium will have to be removed.

But it is difficult to see how parity can be achieved when so much capital is being imported, and the United States is clearly bound to be the source of most of the imported capital of the future, as it has been for the past decade.



*. . . auto industries will set new highs but Canadian picture is not so bright.*



# Commodities: Profits for the Studied Risk

by David Grenier

BUSINESS FORECASTERS are already terming the decade to come the Soaring Sixties. It is a decade that is opening with all the promise of a continuing world-wide industrial boom, of higher demand for food-stuffs and raw materials as population increases and living standards rise. Yet in the midst of this vision of plenty, the outlook for commodity prices remains bearish overall.

Tracing the course of prices over the post-World War II period, the fact emerges that, despite inflation and other influences, commodity price materials currently average lower than ten to twelve years ago.

Using 1949 as a base, it can be seen that the purchasing power of the dollar has shrunk to 80 cents. The consumer price index meanwhile has climbed to over 125.0. Strong industrial demand for raw materials is evidenced by the fact that the index of industrial production in Canada has climbed to 166.9 in September, in the U.S. to 153 (1947-49 = 100).

Despite this, the world price of raw commodities—as measured by the Reuters price index—has fallen, and this drop is confirmed by the action of the U.S. Bureau of Labor's index of 22 spot commodities.

The plain fact is that this is a world of plenty—for the world's wealthier, more highly industrialized nations which control the demand valve in the international economy. For the primary producers, often dependent on a single commodity for their foreign currency earnings, the situation invites economic larceny, at worst political redress. In considering the probable course of commodity prices into next year, this basic factor must not be forgotten: in fact, without extensive political action, commodity prices over the last few years would have dipped even lower than they have.

By and large, the commodity picture indicates that the majority of world markets are more heavily offered than bid: in other words the size of available supplies is not matched by keenness in demand. Except for the brief crisis induced by the Korean War, it has been a buyer's market most of the way.

The reasons for this are several. On the agricultural front, more intensive culti-

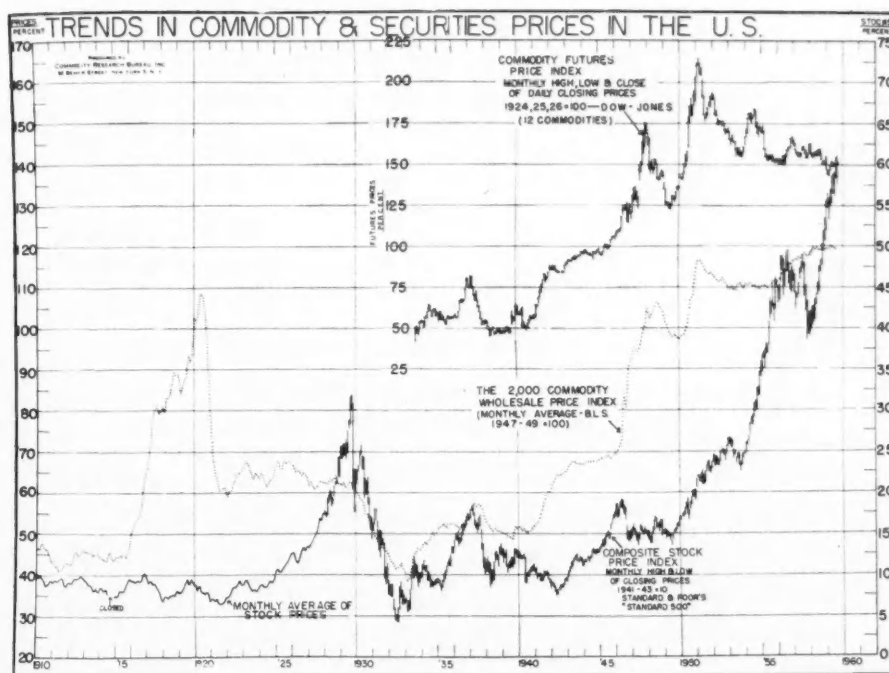
vation of land (greater mechanisation of farming, use of fertiliser and so on) has increased output per acre to the point where supply has generally been ahead of demand. Large surpluses of bread grains—the U.S. carryover of wheat for instance is estimated at 1.1 billion bushels, equivalent to more than a year's output—already exist. And although the world wheat crop for 1959 is an estimated 9% lower than the previous year it is unlikely that prices will react to normal supply-demand stimuli.

In addition, both the U.S. and U.K. governments have accumulated large stock-piles of so-called strategic materials which they are now endeavoring to reduce, partly for economy reasons, partly to ease a market shortage as in the case of natural rubber. The existence of these large stock-piles is probably an additional market deterrent. This is very much the case as far as the price of copper is concerned.

Over the last few weeks, with over

80% of the U.S. copper industry out on strike, open market prices have reached an intermediate high since the runaway markets of 1955-56. Over 300,000 tons output has been lost. But prices have been held in check for at least three reasons: firstly, hedge buying by fabricators and other users in anticipation of a widely-advertised strike; secondly, lack of demand owing to the extended shutdown in the U.S. steel industry; and, finally, the ever-present threat that up to 100,000 tons of stockpiled copper might be sold to relieve shortages once the strikes are settled.

What the London and New York markets now are reflecting is the belief that, once the near-term tightness in supply has been eased, copper prices can be expected to fall off. In this connection it is well to realize that the present U.S. producer price of 33 cents (which includes 1.7 cents duty) is high compared with the postwar average: spot electro-



*With the majority of the world's commodity markets more heavily offered than bid, this year's price outlook is bearish. The long-range trend is downward.*

lytic copper delivered in New York has averaged 28.5 cents a pound since 1946. In addition, the world supply is expected to be increased by 600,000 tons (about 20% ) in the next three years.

Whether improved demand will take up any slack remains to be seen. However, with a record year anticipated in the world's automobile industries in 1960 plus a banner year in heavy electrical machinery, it may take longer than is now realized to end any shortages in the supply of copper.

An unpredictable though powerful support to the demand side is the increasing reliance of Communist Bloc countries on world markets to meet their needs of commodities such as rubber and wool. In the case of rubber, an actual shortfall of about 65,000 tons has been developed mainly due to heavy, erratic buying by Russia and China on the Singapore market. In the first ten months of 1959, these two countries took 177,000 tons or 75,000 tons more than in the corresponding period of 1958.

Despite sales from the U.K. and U.S. government stockpiles, a virtual squeeze has developed in world markets—and this although production and usage of synthetic rubber has soared in the last few years. Yet, although new varieties such as polyisoprene—suitable for truck and bus tires—have been developed, the synthetic product has not been able to capture large segments of the market from the natural product. Combined with the fact that the world's two largest producers, Malaya and Indonesia, have been unable to increase their output in the last several years, this augurs for a continuation of the present trend to high prices.

On the other hand, increased competition from synthetics is undoubtedly establishing a check on the price of another major world commodity—wool. The growth in use of rayon as well as non-cellulose fibres has almost halved per capita consumption of wool in the U.S. since the war. Thus increased production in the world's chief exporting countries (Australia, New Zealand, South Africa and Argentina) has moved at steady prices this year mainly because of good buying support from Asiatic countries—namely Japan and China.

However the recovery of textile industries in Western countries from the recession conditions of two to three years ago indicates heavier buying in the New Year. In addition, countries such as the U.K., which have been content to draw down stocks rather than compete with Japan and China at the recent Australian auction season, may well find themselves oversold. Their support would make for a better than average market since production and consumption are currently finely balanced.

No immediate strength is at present in evidence in one group of commodities that plays a significant part in world trade—particularly for Latin America and for Africa. This group is represented by coffee, cocoa and sugar.

To take sugar first: world prices currently prevailing are at postwar distress levels. Since Cuba is the largest exporter of cane sugar in the world, much depends on the economic—and political—policies of the Castro regime. Traditionally sugar is highly volatile, reacts sharply to wars, war scares and other factors which might tend to dislocate international trade. The last time this occurred was during the

Suez Crisis of late 1956 when sugar prices more than doubled in a matter of a few months. Since then, despite periodic flare-ups over Quemoy and Matsu, the landings in Lebanon last summer, prices have tended lower.

The market at the moment is reflecting uncertainty over what Cuba intends doing with her carryover from the 1958-59 crop. The outlook is slightly better since a partial failure of the European beet crop will make many consuming countries there larger importers on balance.

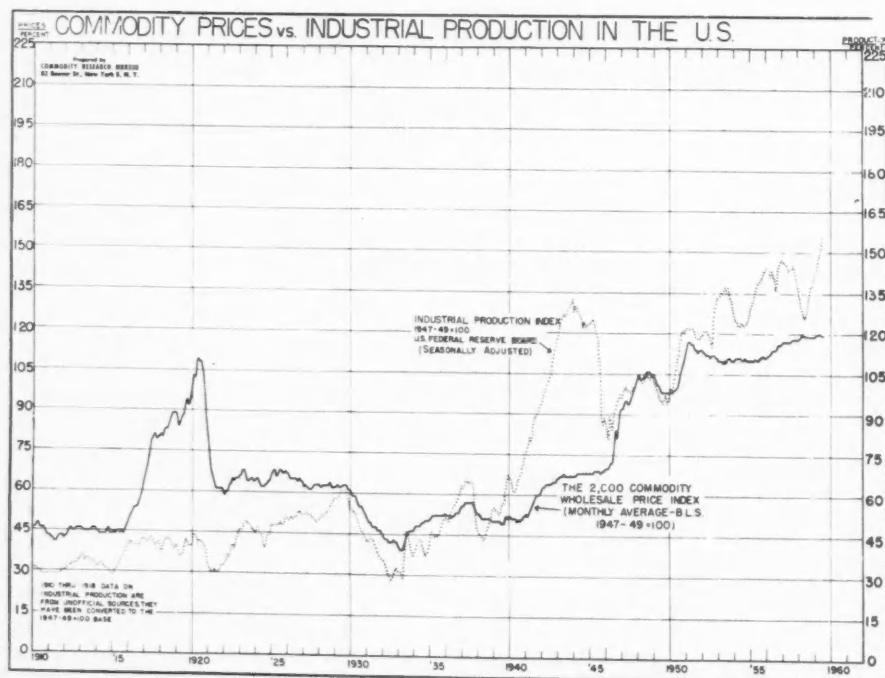
Some weakness has become evident in the cocoa market, influenced by reports of a good West African crop in Ghana and Nigeria—between them the largest single exporting region in the world, with Brazil in second place. World production this year is estimated at 890,000 tons or better, while the current rate of world grindings of cocoa beans is estimated at around 835,000 tons.

Consumption of cocoa and chocolate has been relatively poorer in both North America and Europe owing to abnormally hot summer weather experienced. But the attractiveness of building inventories and increasing cocoa usage at current prices is likely to induce chocolate manufacturers and others to enter the market over the next few months, thus bringing supply and demand into better balance.

The long, steady decline in coffee prices at retail is indicative of the oversupply endemic in this commodity. Probably the most significant factor in this market has been the increasing competition for Latin American countries from Africa, whose low-priced coffees are widely-used in preparing instant blends. Despite attempts by producers to set export quotas and keep supplies off the market (this year French and Portuguese African colonies have also come into the agreement) weakness still persists. A record crop in Brazil together with burdensome supplies in storage have not improved the tone of the market.

Poor European crops—the partial failure of the beet crop has already been referred to—are creating good export demand for some North American produced commodities. Included are Canadian oats and barley, U.S. soybeans and soybean meal and corn. These good export prospects have buoyed up prices of bread grains and feedstuffs on the Winnipeg and Chicago markets. In addition, weather damage to the Canadian flaxseed crop has stimulated good demand, although estimates of greater Argentinian production than anticipated has shaken some trade ideas recently.

Overall, commodity prices will probably maintain their general downward drift. But there will be exceptions, as outlined, and probably others not as yet apparent. For the businessman or speculator the commodity market will continue to be of immense profit potential—if carefully studied.



*In broad, general terms, commodity prices tend to move with industrial production.*

# Public Works: A Cautious Program

by R. U. Mahaffy



*Public Works expenditures snowball on big jobs like Saskatoon's Federal Building.*

FEDERAL PUBLIC WORKS Department expenditures will be lower this year. All signs point in that direction.

To achieve "sustained growth" and "stability of the currency", Finance Minister Fleming has said "in periods of economic expansion . . . we must avoid policies which would have the effect of encouraging an artificial and exaggerated rate of growth, recognizing that a condition of this character tends to cause costs and prices to be inflated, and may well carry within itself the seeds of its own collapse".

So the policy is to clamp the lid on expenditures; to keep out of the capital market. This means getting the federal budget back into the black, for an excess of expenditures over revenues can only be met by borrowing, in the long run.

"In the long run" is a phrase which suggests the Keynesian doctrine of cyclical budgeting which has been adopted by many countries of the Free World since World War II.

Briefly, this theory advocated use of fiscal and monetary policies to stimulate or choke off public investment depending on whether the economy was going through a recession or an expansion. Linked with this was the goal of maintaining full employment.

The Canadian version of the Keynesian doctrine was set out in the White Paper on Employment and Income of April, 1945. "The government will be prepared, in periods when unemployment threatens, to incur the deficits and increases in the national debt resulting from its employment and income policy, whether that

policy in the circumstances is best applied through increased expenditures or reduced taxation. In periods of buoyant employment and income, the budget plans will call for surpluses. The government's policy will be to keep the national debt within manageable proportions, and maintain a proper balance in its budget over a period longer than a single year."

In the use of fiscal policy as a contracyclical measure, public works are widely considered to be stabilizing instruments. The idea is to hold back projects when resources are fully employed and bring them off "the shelf" when private investment is faltering. Can this be done, and has there ever been any such thing as a "shelf" of projects in Canada?

Critics of government spending have contended that public works projects, once they get going, cannot be cut off suddenly. They say that a government project takes weeks and months to plan, perhaps years to carry out; and the thing goes on and on, and money is being spent on a development at a time when inflation is again a serious problem.

But public works have been cut back, or increased, by wide margins since 1945. In 1946-47 appropriations leaped 69 percent. The next year the year-to-year increase dropped to 21 percent, and they have fluctuated since then from a drop of 8 percent in 1951-52 to an increase of 45 percent in 1948-49. In the 1957-58 recession, public works estimates were stepped up by 18 percent, compared with an increase the previous year of only 3 percent.

True, a five-year shelf of projects has not yet been realized, but the department

is trying to build up a three-year shelf, and hopes eventually to increase it to five years.

The "snowballing" effect of PWD expenditures is most marked in big jobs. It is also characteristic of big government buildings, such as the Printing Bureau (the politics of which will not be gone into here) where alterations and improvements run into nearly \$1 million.

Confronted with a possible increase in GNP next year of from 5 to 6 percent, a climb in building construction of from 4½ to 8 percent, higher interest rates and tighter money, what criteria can Public Works use, then, to gauge the worth of new projects?

A look at some of the big contracts let this year may help answer this question.

Starting in the East, there is the \$2,956,225 contract let to Dominion Steel and Coal for the superstructure of the Campbellton, NB — Cross Point, Que. bridge. This project is being financed jointly by Quebec, New Brunswick, and the Federal Government.

The 2,600-foot bridge will provide a connection between two points previously reached by ferry or by a 26-mile drive around the arm of the Bay of Chaleur. This bridge will also speed up the movement of goods and traffic from the Gaspé Peninsula to New Brunswick. The \$1,261,593 contract for piers and abutments was let last year.

At Pointe-au-Pere, Que. a large harbor improvement project is going on as part of the economic development of the Lower St. Lawrence area. The \$3,070,428





*Cross Point Bridge is one of . . .*

harbor contract was let to MacNamara (Quebec) Limited last July. This work will result in a good winter port on the Quebec South Shore to facilitate year-round water traffic with the rapidly growing North Shore area.

On the North Shore a new wharf, costing more than a million dollars, has been built; dredging has been done to provide access to new grain elevators at Baie Comeau, and the Pointe-au-Pic wharf has been enlarged at a cost of \$693,519. All this has been keyed to the rapid economic development of the region where new industries have sprung up around the production of power, iron ore, newsprint, ilmenite, aluminum, and feldspar.

The criterion used by Public Works in weighing the worth of such projects is: will they increase productivity? The \$12 million St. John's, Newfoundland, harbor development is another example of such a project.

Another illustration is the \$2,033,015 contract awarded this year for bridges over the Pelly and Stewart rivers in the Yukon. The structural steel bridge, 870 feet long, over the Pelly river is on the Whitehorse-Mayo Highway, about 60 miles north of Carmacks and about 160 miles north of Whitehorse. The Stewart river bridge is on the same highway, about 220 miles beyond Whitehorse.

In a different category are service projects—new hospitals, schools, buildings for government departments and services.

The 1959-60 estimates provided \$16,505,000 for public buildings at Ottawa as compared with \$24,705,040 in the previous fiscal year. About half of this was for the Riverside Drive development where a number of government departments will take up new quarters shortly.

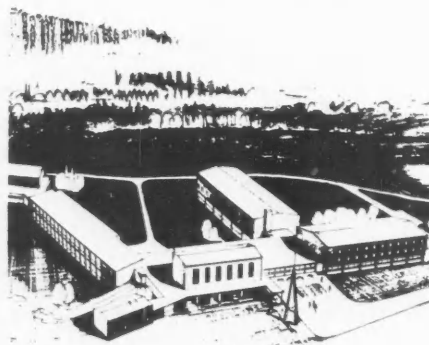
Under this head, too, would come the \$1,283,801 contract for a school at the Westminster Indian Agency at Mission City, B.C. The contract includes the priest's house, a convent, teachers' residences, two separate family residences, and a large residence for single teachers.

Then, there was the \$1,431,570 contract let in November for construction of a Federal Building at Saskatoon.

It is difficult to see how essential school and hospital services can be curtailed. But in the first seven months of the current fiscal year PWD let more than \$6 million in contracts for buildings outside Ottawa for some half dozen government departments, and the RCMP. There were also \$1,742,736 (excluding the Saskatoon projects) in contracts for Federal Buildings and Post Offices. It is conceivable that such projects might be put "on the shelf" for future action.

The Pine Point railway is an example of a long-term project which can be deferred in the interests of budgetary "stability".

There are, of course, such expenditures as dredging and maintenance of public buildings which run into sizeable amounts and must go on regardless of speeding recovery. This year contracts running into nearly \$4 million were let for dredging in both coastal regions and in Quebec and



*Many contracts. School in B.C. . . .*

Ontario, with the two central provinces accounting for about half. In the 1959-60 estimates \$43,293,000 was provided for maintenance and operation of public buildings and grounds.

The crown company, Central Mortgage and Housing Corporation, also comes under the Minister of Public Works, and advances to CMHC show up in PWD accounts. The 1959-60 estimates, for example, provided \$22,000,000 for advances under land assembly projects, such as the Regent Park development, undertaken jointly with the provinces, covering 1958-59.

What about the regional impact of Public Works contracts? In which areas has the most money been spent last year? And what proportion do these contracts bear to total construction activity? The last question is difficult to answer because of lack of statistical data.

However, it can be said that in the first seven months the totals ranked in this order: Quebec, \$7,584,288; Yukon and NWT, \$6,774,099; Ontario (outside Ottawa), \$6,378,392; British Columbia, \$5,658,162; New Brunswick, \$5,294,267; Alberta, \$3,296,581; Nova Scotia, \$1,571,972; Newfoundland, \$1,489,413; Manitoba, \$1,035,491; PEI, \$837,287; and Saskatchewan, \$422,354.

The total for Ottawa of \$2,880,392 includes \$1,067,169 for the Riverside Drive development, already mentioned, and nearly \$400,000 for repairs to the blast-damaged Jackson Building.

In the Yukon total is included \$1,423,661 for school buildings and related facilities at Whitehorse for the Citizenship and Immigration Department. There are also several big contracts for highways through national parks as part of the Trans-Canada Highway development; a total of \$13,405,000 being provided in 1959-60 estimates for this purpose.

Some idea of the impact of this government construction on the construction industry as a whole can be obtained by comparing the monthly averages of seven-month contracts with the monthly average of total construction for 1959 as estimated by the DBS.

First comes New Brunswick with PWD contracts accounting for 6 percent of total construction activity; then comes PEI with nearly the same percentage, Newfoundland with 4 percent, and Nova Scotia with about 2 percent. Ontario and Quebec PWD contracts represented about 2 percent of total construction work in this region; for the four western provinces the ratio was less than one percent.

These are smaller ratios than some observers have thought. They certainly don't seem to support the view that the Public Works Department offers serious competition to private industry—at least in volume of work undertaken.

The small Post Office construction program, by the way, has already been given an element of selectivity since it is intended to ease winter unemployment. The PWD picks centres where employment is slack and where the Post Office lease has run out. Under this program, started October 1, 1958, a total of 67 post offices were built to March 31, 1959, costing \$1.2 million. This resulted in an additional 3.4 million man-hours of work over what had been done previously. This winter approximately 63 are being built.

Increase in winter employment has also resulted from highway and bridge work and all kinds of maintenance work.



*Harbor at St. John's, are others.*

# Construction: Housing Is the Weak Sister

by Maurice Hecht

PUT DOWN A GOOD YEAR for construction in 1960, but not all across the board. Housing will be the weak sister while industrial construction will be strong. This reverses their roles over the past few years, and for the full story we must go back a little.

In 1950 new construction put in place amounted to \$2,453 million. This climbed to \$3,756 million by 1953. In 1954 the total dropped a mite but then started zooming again the following year. It was full speed ahead again in 1958 and last year we remained close to the 1958 dollar level. Total was \$5,979 million, but that is just a preliminary figure. If you add in repair construction work, the trend is the same though the 1959 estimate becomes \$7,314 million. More details of the last five years are shown in the accompanying table.

The pattern is slightly different in building and engineering construction. The former started to brake in 1957—a year much the same in dollars as the previous one. Then the volume increased again. However, inside this group itself there

were some vital differences between residential and industrial building construction.

In dollars, residential construction in 1957 was below the level of 1956. There was a strong jump in 1958 but the total fell behind in 1959 and seems likely to drop still further in 1960. The picture is shown dramatically by the number of dwelling unit starts:

1953	103,408 starts
1954	113,532
1955	138,276
1956	127,308
1957	122,340
1958	164,632
1959	135,000 estimate
1960	125,000 estimate

Industrial construction on the other hand grew quickly in dollars in 1956 compared to 1955. The spending kept high in 1957 but then slid sharply in the following year. The figure was the same in 1959 but a growth is certainly ahead for 1960.

Lumping all engineering projects, you find that the slowdown didn't come until

1958, which year was on a par with 1957. There was no change in 1959 but it appears that there will be some upward motion this year. It may not be great.

Contract award figures are now available for the first 11 months of 1959. The dollar total is down about eight percent from the first 11 months of 1958. However, there is a varied pattern shown in the main groups:

—residential construction is down by 20 percent

—business construction is five percent under 1958

—industrial is up just about 20 percent

—engineering project awards are on a par with those of a year ago

This shows the pattern which actual construction will probably take in 1960. It should be mentioned that industrial construction going up bodes doubly well for the economy as a whole. Factory building is expanding for the first time in several years and this growth will multiply through all areas of our economy. Residential construction does not have the same effect.

Value of Construction Work Performed, by Principal Types of Construction 1955-1959<sup>1</sup>

	1955		1956		1957		1958		1959	
	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total	Value	Percent of total
	\$ mill	%	\$ mill	%	\$ mill	%	\$ mill	%	\$ mill	%
<b>Total construction</b> .....	<b>5.308</b>	<b>100.0</b>	<b>6.454</b>	<b>100.0</b>	<b>7.023</b>	<b>100.0</b>	<b>7.231</b>	<b>100.0</b>	<b>7.202</b>	<b>100.0</b>
<b>Total building construction</b> .....	<b>3.375</b>	<b>63.6</b>	<b>3.890</b>	<b>60.3</b>	<b>3.886</b>	<b>55.3</b>	<b>4.099</b>	<b>56.7</b>	<b>4.237</b>	<b>58.8</b>
Residential.....	1,735	32.7	1,902	29.5	1,813	25.8	2,188	30.3	2,154	29.9
Industrial.....	398	7.5	604	9.4	661	8.7	391	5.4	378	5.2
Commercial.....	513	9.7	571	8.8	656	9.3	709	9.8	783	10.9
Institutional.....	464	8.7	455	7.0	519	7.4	533	7.4	585	8.1
Other building.....	265	5.0	358	5.6	287	4.1	278	3.8	337	4.7
<b>Total engineering</b> .....	<b>1.933</b>	<b>36.4</b>	<b>2.564</b>	<b>39.7</b>	<b>3.137</b>	<b>44.7</b>	<b>3.132</b>	<b>43.3</b>	<b>2.965</b>	<b>41.2</b>
Marine construction.....	76	1.4	118	1.8	158	2.2	156	2.2	119	1.7
Road highway and aerodrome construction.....	519	9.8	618	9.6	709	10.1	750	10.4	800	11.2
Waterworks and sewage systems.....	149	2.8	184	2.9	200	2.8	195	2.7	226	3.1
Dams and irrigation.....	39	0.7	68	1.1	86	1.2	52	0.7	51	0.7
Electric power construction.....	338	6.4	455	7.0	508	7.2	536	7.4	471	6.5
Railway, telephone and telegraph construction.....	313	5.9	363	5.6	405	5.8	407	5.6	478	6.6
Gas and oil facilities.....	339	6.4	531	8.2	741	10.7	679	9.4	481	6.7
Other engineering construction.....	160	3.0	227	3.5	330	4.7	357	4.9	339	4.7

<sup>1</sup> Actual 1955-1957, preliminary 1958, intentions 1959. The revised estimate for 1959 is \$7,314 million but breakdown details are not yet available.

Take residential construction comparisons with a few grains of salt. Any comparisons with the fabulous 1958 is bound to make things look poorer than they actually are. Starts in 1958 were almost 30,000 more than in the previous record year, which makes it a pretty hard target to aim at. Remember, too, that contract awards on housing show finished results much quicker than big projects so that a turn-about could also come quickly.

There are several major non-residential projects in the offing which could bump up engineering construction as well as factory building. Some of these are government projects such as airport improvements already begun.

On the residential construction side the way to more housing, while dependent, too, on our long term outlook as an industrial power, is much easier to indicate. As the housing figures show (actually they are dwelling unit starts since they take in multiple unit buildings as well as single houses) we have built many houses during the fifties. However, we have not solved all our housing needs for the moment. We are in a relatively prosperous period right now. What is holding more house building back?

For one thing we still have a number of low income families who cannot afford to buy houses. The second, and maybe bigger reason, is tied to mortgage rates. This could apply to all save those who are going to buy good or luxury houses. For that latter group mortgages present no big difficulties. But for those who need government-backed (NHA) mortgages there is a real problem.

In 1935, in order to help build more houses and also create jobs, Ottawa passed the Dominion Housing Act. The government added its own monies, at low rates, to mortgage monies available in the open market to stimulate building. Under this scheme 4,900 homes were erected.

In 1938 the Act was revised with more liberal conditions created. At the same time federal money was made directly available for mortgages on low-rental housing units. No low rental housing resulted but under the other provisions of the Act, enough money was poured in to help build 21,400 units. The next changes came in 1944 and lasted until 1954. During that time 214,000 units were built.

In 1954 major changes were introduced with the creating of the National Housing Act. This took the government directly out of the mortgage loan business (at that time) but Ottawa gave guarantees on mortgages. Another major change then introduced permitted banks and other lending organizations to get into the home mortgage field for the first time. The Act created a real breakthrough; in less than four years applications for some 200,000 dwelling units were received by Central Mortgage and

## The 1960 Picture

Trade sources which correctly forecast in early December that Ottawa would raise the NHA rate to 6¾ percent saw this picture for 1960:

**Building construction \$4.6 billion, up \$300 million or 7 percent.**

**Commercial building as much as 12 percent up.**

**Institutional building 5 percent increase despite the high cost of financing a huge program of industrial building but short of record 1955-56.**

**Housebuilding dropping probably to 125,000 starts.**

In finance, these sources see an easier mortgage market for a short period in the Spring if industrial borrowers hold off for a while in the hope of easier money. At this period, householders can step in.

These sources expect a big swing by small plant owners to building which will take up some of slack from housing. In costs, there probably will be stability with some increases being offset by competitive pricing in other spheres. It was not expected that house starts would go beyond 125,000 because Government would hold back direct lending to keep reserve of work in hand in case recession developed, and 125,000 is the figure the Government is aiming at.

Complications also arise with the position of the banks. They were permitted to lend on mortgages by clauses in the National Housing Act of 1954. They are subject now both to interest limits set by that Act and by the Bank Act (which stipulates six percent). It is now expected that revision of the National Housing Act early in the session will allow banks also to lend at higher rate set under NHA procedures. This would be the first break through the six percent ceiling on bank lending, though in a limited sphere.

Housing Corporation, which was set up to handle administration.

Added to this in recent years has been \$1 billion of government money loaned for house building. It was this which uncorked the boom of the last few years. That billion is used up now but Ottawa has indicated a willingness to consider more during the coming sessions of the House. If this does take place then there will be a change—how much we can't tell now—for the better in 1960.

The new tight money situation has created problems on obtaining insured

mortgage money under the provisions of the National Housing Act. The maximum interest rate was set at no more than 2¼ percentage points above the yield rate on 20-year Canada Bonds. The 2¼ figure was picked out of a hat so that interest rates on mortgages, when the Act was introduced, would not fall below the interest rate then current in government aided mortgages under the old Acts. At present the maximum rate is six per cent.

In 1954 the interest rate was considered good; there were times when it went below the maximum. However, the ceiling in these days of tight money hardly makes NHA mortgages a good investment for banks or others. 'Normal' mortgages (obtained in the open market) run from ½ to 1½ percentage points higher. Result is a drying up of monies available for loan under the Act.

Back last summer, Professor J. V. Poapst, of the University of Toronto, argued in the magazine, *Executive*, that NHA mortgage rates should follow the market rate and not be pinned down. This, he stated, would make NHA mortgage money freely available at all times and would tend, in the long run, to put home building more on a continuous basis rather than on a build-and-get-out basis. Poapst thought that in the long term this would tend to lower house costs as well.

There is no reason why NHA loans should be jeopardized by a government which believes in the necessity of tight money at the present time, and which foresees—as most others do—the continuation of high interest rates for a long time to come. Home building is being hindered for no sound reason at all. If Ottawa won't free NHA rates, then surely it could find a better way of setting a maximum rate than using a formula the Liberals found in an old hat.

No matter what is done about NHA rates or direct government loans for mortgages, this will not solve the house-buying problem for low income families. The problem of subsidizing low rental housing projects is as legitimate as farm product subsidization or protective tariffs for various industries.

All in all, construction activities in 1960 will be at a high level. The general level could also apply to home building if several events, already indicated, take place early this year. However, the whole construction picture should be considered at this same time from the longer range point of view. Not only will our position in world markets have important meaning for all building activities, but a home event must also be reckoned with. There will be a great splurge in family formation within a few years. This will be due to the coming to marriageable ages of the great crop of babies born in the late 1930's and on.





# THE ROYAL BANK OF CANADA

## *Condensed Annual Statement*

30th November, 1959

### ASSETS

Cash on hand and due from banks (including items in transit) . . . . .	\$ 558,724,021
Government of Canada and provincial government securities, at amortized value . . . . .	787,719,587
Other securities, not exceeding market value . . . . .	472,429,923
Call loans, fully secured . . . . .	366,068,424
<b>Total quick assets . . . . .</b>	<b>\$2,184,941,955</b>
Other loans and discounts . . . . .	1,522,568,647
Mortgages and hypothecs insured under N.H.A. (1954) . . . . .	291,756,158
Bank premises . . . . .	45,925,659
Liabilities of customers under acceptances, guarantees and letters of credit . . . . .	78,859,408
Other assets . . . . .	5,606,834
	<b>\$4,129,658,661</b>

### LIABILITIES

Deposits . . . . .	\$3,777,620,441
Acceptances, guarantees and letters of credit . . . . .	78,859,408
Other liabilities . . . . .	17,157,316
<b>Total liabilities to the public . . . . .</b>	<b>\$3,873,637,165</b>
Capital:	
Authorized—10,000,000 shares of \$10 each . . . . .	\$100,000,000
Paid up—6,048,000 shares—issued and fully paid . . . . .	\$ 60,480,000
Rest Account . . . . .	195,020,000
Undivided profits . . . . .	521,496
	<b>256,021,496</b>
	<b>\$4,129,658,661</b>

### STATEMENT OF UNDIVIDED PROFITS

Profits for the year ended 30th November, 1959, after provision for depreciation and *income taxes and after making transfers to inner reserves out of which full provision has been made for diminution in value of investments and loans . . . . .	\$17,119,140
Dividends at the rate of \$2.02 1/2 per share . . . . .	\$12,245,959
Extra distribution at the rate of 30¢ per share . . . . .	1,814,400
	<b>\$ 3,058,781</b>
Transferred from inner reserves after provision for *income taxes exigible . . . . .	3,000,000
Balance of undivided profits, 30th November, 1958 . . . . .	562,715
	<b>\$ 6,621,496</b>
Transferred to Rest Account . . . . .	6,100,000
Balance of undivided profits, 30th November, 1959 . . . . .	<b>\$ 521,496</b>

\*Total provision for income taxes \$20,890,000

JAMES MUIR,  
Chairman and President

K. M. SEDGEWICK,  
General Manager

**Purchasers  
and  
Distributors  
of  
Government,  
Municipal  
and  
Corporation  
Securities**

**A. E. Ames & Co.  
Limited**

*Business Established 1889*

TORONTO    MONTREAL    NEW YORK  
LONDON, ENG.    VANCOUVER    VICTORIA  
WINNIPEG    CALGARY    LONDON



**THE CANADIAN  
BANK OF  
COMMERCE**

**Dividend No. 292  
and Extra**

NOTICE is hereby given that a dividend for the quarter ending January 31, 1960 of forty cents per fully-paid share on the outstanding Capital Stock of this Bank and an extra dividend of twenty-five cents per fully-paid share have been declared, payable at the Bank and its branches on February 1, 1960, to shareholders of record at the close of business on December 31, 1959.

By Order of the Board  
J. P. R. Wadsworth,  
General Manager  
Toronto, December 11, 1959

## Gold & Dross

### The Market Outlook

*What is your view of the Canadian stock market outlook for this year?—B. A., Toronto.*

Some one once put this question to a successful financier. "The market," he replied, "will fluctuate."

This is about as good an answer as any. It might, however, be expanded to include the possibility of some decline in values in 1960, in reflection of the probable course of the United States economy from which Canadian business takes its cue.

The steel strike and hard money have taken the bloom off the U.S. boom but it is expected to blossom again in 1960 under the impetus of automotive and industrial-equipment sales.

Many observers are, however, looking for weakness to develop in the economy in the latter part of 1960 or the early part of 1961 and to be a partial reflection of business and personal consumption trying to make up ground lost by the steel strike. The strike distorted normal business trends and created an atmosphere of shortages and scarcities. Once these are removed, the market for goods could soften and well make business sensitive to recessionary influences.

But don't start selling your investment stocks. Long-term expansion of the economy and the threat of inflation are still indicated, regardless of short-term recessions.

### Canada Iron

*Any reason for the discouraging performance of Canada Iron stock?—E. M., Ottawa.*

Officials of Canada Iron Foundries have reported that overall results for 1959 are not expected to show satisfactory profits.

Operating conditions for the company have been difficult, and it is evident that the company's structural-steel division will show substantial losses for 1959.

Early in the year officials forecast a small loss, but in completing projects taken at competitive prices during 1958, much larger losses have occurred. This partially reflects low sale prices on structural steel as well as development of new lines such as industrial cranes, roof decks and wall panels. Steps are being taken to correct the adverse operating experience.

Although hindered by low, competi-

tive sales prices, the British Columbia and Alberta plants of the structural steel division were expected to result in small earnings for 1959. Other segments of the Canada Iron group, including the foundry division, were expected to show a modest increase in net profit compared with 1958.

### Coast Copper

*Some questions concerning recent actions of The Toronto Stock Exchange. Why did it (1) drop Coast Copper from the trading list and (2) recommend that listed companies issue more interim reports? What will happen to trading in Coast Copper now?—R. J., Hamilton.*

Coast Copper was not on the regular section of the Toronto Stock Exchange but on the curb, a section introduced several years ago when business was bad, in an effort to stimulate trading. The exchange does not, however, require a listing application, fees or information from the companies whose securities are traded on the curb.

Operation of the curb section is being curtailed. Hence, the dropping of Coast Copper and other companies.

There hasn't been anything for Coast to disclose to shareholders for many years. The company is head over heels in debt to Consolidated Smelters, which controls it, and its lack of working capital would preclude its admission to Exchange listing privileges even if it applied. Coast will now be presumably traded on the unlisted, over-the-counter or street market. This should not harm its quotations since it is a relatively inactive issue tending even on the curb section of the exchange to experience fluctuations considerably wider than warranted by background factors.

Coast is technically bankrupt but the company could be kept alive for years by Smelters. The latter might face a delicate public-relations situation if Coast were thrown into bankruptcy, and Smelters attempted to acquire its mining properties.

The impetus the T.S.E. is providing towards fuller disclosure by listed companies—by suggesting issuance of interim reports—reflects the thinking of the financial community. Companies which do not "come clean" are going to have difficulty in raising capital in the future. The financial community expects a regular flow of news from the companies

whose paper it favors. The New York Stock Exchange requires quarterly or interim reports from practically all its listed companies. The T.S.E. now requires only annual reports.

There is another reason, perhaps more urgent, for the T.S.E. seeking more frequent operating reports. Business on the exchange has been considerably reduced since the collapse of the market for promotional mining shares. This collapse has taken place concurrently with the ascendancy of the mutual funds, which has diverted the investment business of many individuals into the hands of the financial houses promoting and handling the funds. T.S.E. houses need clients and apparently feel that investor interest can be promoted by listed companies issuing more frequent reports.

What is probably also a factor in the report drive is the hope of redirecting to domestic securities the investment interest of Canadians who invest in New York stocks, with their constant flow of news. The successful stock trader is the most curious and garrulous species extant. He tends to ignore securities of companies which do not provide plenty of talking points.

## Consumers Gas

*Do you advise the shareholder of Consumers Gas to exercise his rights, which would increase his investment in the company, or sell them and obtain a tax-free profit?—E. G., Kingston.*

What the shareholder of Consumers Gas does with respect to his rights will depend considerably on his own investment position. If a general policy of buying equities is indicated, he might add to his investment. On the other hand if income rather than capital growth is a consideration, as it is for the investor in the upper-age brackets, he could sell his subscription rights.

The thought of adding to holdings is based on the company's growth prospects, with their implication of further financing. If this is in the form of rights, as in the current financing, the shareholder will have an outlet for his surplus capital, or be able to pay himself the occasional tax-free dividend. If it is in the form of borrowings, the leverage of the common stock or equity should be increased.

In either event the shareholder is sitting in on the type of growth situation which can be calculated to produce considerable news. Some indication of the liveliness of the situation is evident in the company's annual report for the year ended Sept. 30, 1959. This shows consolidated net profit of \$4,057,045, 56% higher than the previous year's \$2,598,623.

Total volume of gas sales was 29,-



Funds temporarily unemployed can become productive and remain liquid if invested in short-term Government of Canada Bonds, Treasury Bills or short-term Commercial Paper. The maturity dates may be arranged to meet your requirements. Corporation treasurers are invited to telephone or write our nearest office.

## DOMINION SECURITIES GRPN. LIMITED

Established 1901

TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.

## Clarkson, Gordon & Co.

CHARTERED ACCOUNTANTS

Montreal • Toronto • Hamilton • London • Windsor  
Winnipeg • Regina • Calgary • Edmonton • Vancouver

### THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA LIMITED

#### DIVIDEND NO. 109

NOTICE IS HEREBY GIVEN that a Dividend of Forty cents (40c) per share on the paid up Capital Stock of the Company has this day been declared for the six months ending the 31st day of December, 1959, payable on the 15th day of January, 1960, to shareholders of record at the close of business on the 18th day of December, 1959.

By Order of the Board.  
F. L. Hallam,  
Secretary-Treasurer.

Montreal, P.Q.,  
10th December, 1959.



### ROYALITE OIL COMPANY, LIMITED

#### PREFERRED STOCK DIVIDEND NO. 21

NOTICE is hereby given that a Quarterly Dividend of 32.8125 cents per share has been declared on the 5% First Series Preferred Shares of the Company, payable January 1st, 1960 to shareholders of record at the close of business on December 11th, 1959.

By Order of the Board  
J. W. WHITAKER  
Secretary

Calgary, Alberta  
November 25, 1959.



*The*  
**Vinoy Park**  
**HOTEL**



**A Resort in the  
Fine Tradition**

There's something different about the Vinoy—something which attracts those who really appreciate the finest. The connoisseur's standards in food and accommodations—the superb location overlooking Tampa Bay and beautiful Vinoy Park—the Par Three golf course, putting green, shuffleboard, and swimming pool on the grounds—guest privileges at the exclusive Bath Club and Sunset Country Club. Write for brochure and reservations

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Managing Director  
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By Appointment to  
HER MAJESTY THE QUEEN  
BISCUIT MANUFACTURERS  
PEEK FREAN & CO. LTD.  
LONDON, ENGLAND

Long, thin  
crisp "twigs"  
with a  
piquant  
savory  
flavour



*From London*  
TO GIVE YOUR  
**COCKTAIL PARTY**  
SOCIAL STANDING



An  
appetizing  
assortment of  
novel cocktail  
biscuits

MADE BY  
**PEEK FREAN'S**  
MAKERS OF  
*Famous ENGLISH Biscuits*  
FOR OVER 100 YEARS

290,240 mcf. Commercial gas sales increased 45%, reflecting the higher degree of acceptance of natural gas. Increased revenue from sales, due to the abnormally cold winter, offset the effect of slower movement in residential building during the year. The company is concentrating sales efforts on existing housing and on new uses for its fuel.

In February, 1959, the company sold \$10 million, 5½% cumulative preferred shares, \$100 par, Series B. The expansion program has been financed principally through short term loans. Long term issues have been discouraged by the difficult money market conditions.

Capital expenditures for the year totalled \$23,650,000. This included construction of 36 miles of transmission lines to serve Bradford, Stouffville, Uxbridge, Camp Borden and Port Dalhousie.

The company sold to Union Gas Co. at cost the transmission and distribution facilities constructed to serve Owen Sound, Meaford and Thornbury.

### Premium Iron

*Do you think Premium Iron Ores' projected steel plant at the Lakehead will be successful?—R.O., Halifax.*

The Premium project is based on:

- Ores from Steep Rock Iron Mines.
- A direct-reduction process utilizing natural gas.
- A capacity of 150,000 tons of metallic iron per year.
- The adjacency of American markets for the product and the expectation of sales as far west as Regina.

The project involves an estimated \$10 million. It is being directed by a recognized authority on the concentration and direct-reduction of iron ore.

### In Brief

*Would you recommend the purchase of Consolidated Smelters on the basis of the possibility of production at its Pine Point Mine?—S. K., Winnipeg.*

No, although this does not deny the longer-term attractions of the Pine Point project.

*How do you like Opemiska Copper?—M. J., Halifax.*

Needs an increase in the price of copper or the discovery of more ore to go places.

*How can Canada retaliate against U.S. lead-zinc quotas, as suggested at the Tokyo GATT?—W. V., Windsor*

Retaliation is a pipe dream.

*Any chance of an increase in the Noranda dividend?—H. N., Victoria.*

Don't expect it in the foreseeable future.



**"EXPORT"**  
PLAIN OR FILTER TIP  
CIGARETTES



### THE STEEL COMPANY OF CANADA, LIMITED DIVIDEND No. 194

Notice is hereby given that dividend No. 194 of sixty cents (60c) per share for the quarter ending December 31, 1959, and an extra distribution of thirty cents (30c) per share, have been declared upon the shares of the Company, payable Monday, February 1, 1960, to shareholders of record as at the close of business Friday, January 8, 1960. By Order of the Board,

W. C. CHICK,  
Secretary.

Hamilton, Ontario, Dec. 14, 1959.

### BRITISH COLUMBIA POWER CORPORATION, LIMITED

#### DIVIDEND No 25

NOTICE IS HEREBY GIVEN that a dividend of thirty-five cents (35c) per share on the outstanding Common Shares of the Company has been declared payable 15 January, 1960 to shareholders of record as at the close of business on 21 December, 1959.

The transfer books of the Company will not be closed.

BY ORDER OF THE BOARD.  
G. G. WOODWARD,  
Secretary.

Vancouver, B.C.  
1 December, 1959.

# Books

by Gerald Taaffe



Lord Hailsham: "All is flux".

## All In Search of a Voter

sweeping postwar victory of the Labour Party. It is a tribute to Lord Hailsham's greatness of spirit that he did not descend to the level of quibbling resentment that so often accompanies political defeat. On the contrary, he has succeeded in tracing back the complexities of modern political life to a few basic humane principles with all the clarity and strength of mind of a classic philosopher. Certainly this is a striking example of how valuable the traditional classical education can be in the handling of practical affairs.

With Heraclitus, he exclaims, "all is flux." And amidst this change, he goes on, the Conservative Party preserves all that is good, rejects what is unsuitable, for the welfare of mankind. This he calls the "organic theory" of society, in which the community is viewed as a living being in need of that natural development or change without which it would die or be subject to violent permutation. In adhering to this policy, Lord Hailsham argues, the Conservatives have found the only way to avoid the classic historical pattern in which monarchy gives way to aristocracy, which cedes in turn to democracy, which shatters and leaves the dictator at the top of the heap. He points out how conservative principles have preserved Britain, with her constitutional monarchy, from the upheavals suffered by the revolutionary republic of France. It is not difficult to accept his reasoning when he adds:

"Variety and fluidity are, by a paradox, the marks of Conservative ideals, and what the Conservatives criticize mainly in Socialism is its pedantic rigidity, and, once its fetters are riveted, its absurd, unreasoning and unbending conservatism."

Mr. Roy Jenkins, on the other hand, has much less time to spend on theorizing and launches a direct appeal for a switch from Conservative to Labour Government. He is a powerful and logical writer, but his book, despite the lucid presentation of the issues at stake in the election, has much less appeal to the post-election reader. It is difficult to see a nexus between the different items presented—a brilliant, if *post factum*, solution to the

Mid-East problem; a telling indictment of Conservative policy at Suez and in Cyprus; and, among others, a tabulation of economic statistics that flatly contradicts that compiled by Lord Hailsham—and one feels that the book was written under the sway of immediate political considerations. The British public is notoriously resistant to pressure, and it is possible that the polemic tone taken by Mr. Jenkins could in some measure defeat his purpose.

Although the comparative absence of theory in Mr. Jenkins' book does, as far as it goes, belie Lord Hailsham's denunciation of the Labour Party as the proponent of a rigid doctrinaire orthodoxy, it is questionable if this has in itself advanced his cause. Mr. Jenkins, like most of the present-day leaders of his party, is known as a moderate, but the theoretic origins of the Labour Party and the statements of its extremists are so well known that his flexibility could be regarded as a concealment of real aims. There is also the possibility that this same lack of ideological unity which makes the book less than satisfying to the intellect will reduce its future status to that of a piece of ephemeral campaign literature.

Passing from Mr. Jenkins' book, with its well executed attack on the Conservative Party, to Mr. Roger Fulford's defence of Liberalism is to move from the arena of contemporary politics to the twilight world of letters to the editor. There is a defeated tone to Mr. Fulford's work that could be described as "professional underdog-ism." This is particularly so in the passages where he bravely faces the spectacle of the two leading parties sharing the rich spoils of victory:

"Now we Liberals are not particularly downcast because our chests are unadorned by medals or ribands, or our names unencumbered by titles. We rather comfort ourselves that, at any rate since the days of Swift, sensible men and women have tended to smile at these symbols of vanity."

There is a pathos in this passage beyond that usually found in political tracts; and in it we see reflected a lifetime spent fight-

THE CONSERVATIVE, Liberal and CCF parties were all in search of their own image just before Christmas. Whether they found it will be seen in the forthcoming session of Parliament. But the delegates to those sessions could learn a lot from three books published recently in England. These three are Penguin specials: *The Conservative Case* by Viscount Hailsham, *The Labour Case* by Roy Jenkins and *The Liberal Case* by Roger Fulford.

Regardless of their respective individual merits, there is no doubt that the three books together make up a valuable commentary on the highly articulate attitudes of British politicians today. The happy initiative of Penguin Books in releasing them simultaneously is unreservedly commendable. In the hands of an open-minded British voter, and there were several millions of them listed as "undecided" before the recent General Election, these books could be an effective guide not only to the policies of the major parties, but also to the attitudes underlying these policies. Could Mr. Khrushchov, one wonders, read these three statements and still say, as he did about the American Democrats and Republicans, that he is unable to see the difference between the British parties?

The most manifesto-like in tone of the three books is, surprisingly enough, Lord Hailsham's defence of Conservatism. The major part of his book is a re-write of a doctrinaire exposition of basic Tory principles that was written in 1947, after the

# IF YOU HAVE A TASTE FOR GREAT SCOTCH IT'S WHITE HORSE OF COURSE!



ing for a submerged if not lost cause. In the book as a whole one can see how the lack of governing experience, isolation from the give and take of parliamentary debate, tends to debilitate a political party and deprive it of a realistic knowledge of the art of ruling. As a corollary, both the Conservative and Labour Party tracts show how the exercise of power in the context of parliamentary checks, and under the eye of public opinion, can be, not corrupting, but benevolent and necessary.

The overall effect of these three books is to induce in the reader a profound awe at the vitality and variety of British political life. It would be interesting to see the results if publishers in this country and the United States attempted to solicit similar manuscripts from the leading political parties. Would the resulting products clarify Mr. Khrushchov's confusion about the differences between the political parties in the United States, or enable a large percentage of Canadian voters to have a clear idea of what the leading parties stand for? I do not believe this is an irrelevant question.

**The Conservative Case**, by Viscount Hailsham. Penguin. 50¢.

**The Labour Case**, by Roy Jenkins. Penguin. 50¢.

**The Liberal Case**, by Roger Fulford. Penguin. 50¢.

## In Roman Britain

DESIGNATED for readers 13 and up, this novel of Roman times in Britain could be recommended to any devotee of historical fiction. Aquila is a young Roman officer, but his roots are in Britain, the land of his and his father's birth. Home is not Imperial Rome, but the British farmstead tilled by his blind father and their freed slaves. So, when the last legions of the Roman Eagles are recalled to defend Rome, he deserts. Hardly has he returned home before the farm is attacked and burned by a Saxon raiding party. His father and the servants are killed, his little sister, Flavia, is carried off by a blond giant, and he himself is taken as a slave to Juteland. But this is merely the first of a series of such happenings.

Rosemary Sutcliff has spent so many of her years of research and writing in ancient Britain that she must find the modern England surrounding her strange. With many historical novels to her credit—two others are set in Roman Britain—she has established a creditable reputation for accuracy and competence. She has the skill to make her tales of olden times more absorbing than most modern adventure stories.

N.A.F.

**The Lantern Bearers**, by Rosemary Sutcliff—Oxford University Press—\$2.50.



## Chess

by D. M. LeDain

"CHESS CAN be compared with no other board game, because of a basic distinction which stamps it as an art; not that this implies any disparagement of other board games, each of which has its rightful place. This distinction lies in the fact that chess alone has an aim other than mere capture or gain of territory, namely the conception of mate.

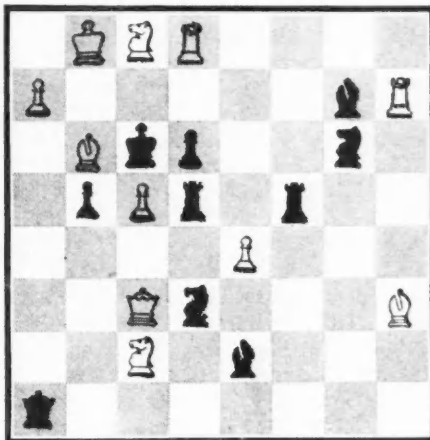
As soon as mate, the idea of encircling the principal enemy piece, enters the scene, no sacrifice of time, space or material is too great to achieve this. This is why chess is so attractive, because it calls forth in us humanity's striving after an ideal, the joy of dedicating one's self for an idea. And this is why chess awakes in us aesthetic feeling too, because its inner spirit corresponds in every way to the virtue of self-sacrifice in us. Of what other game can this be even remotely maintained?"—(Dr. A. A. Alekhine, world champion 1927-35 and 1937-46).

## Saturday Night

Problem No. 235, by N. Sardotsh.

White mates in two.

(11 + 10)



## Here We Go Again

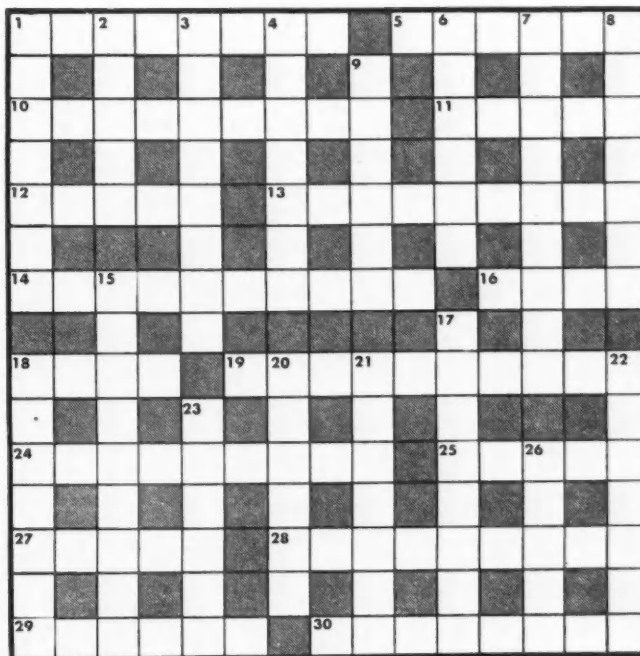
by Louis and Dorothy Crerar

### ACROSS

- 1 See 27
- 5 His night-life is a howling success. (3, 3)
- 10 Star turns get what's coming to them—wears them out, in fact. (5, 4)
- 11 Violinist whose name bears his family tree? (5)
- 12 What 8 may sign looks different under canvas. (5)
- 13 Am I it? Not I! Only a resemblance. (9)
- 14 One hen gets ruffled going around outside this old ruin. (10)
- 16 If there were ten inside, the 5 would be partly responsible for them. (4)
- 18 Bird with the head of 7. (4)
- 19 One expects the first half to be drunk, but not as drunk as the second half. (10)
- 24 A huge canvas on show. (3, 3, 3)
- 25 Maniac, crackpot or crank, it's possessed by them in Africa. (5)
27. 1 Jerome K. Jerome's men all were. (2, 3, 4, 4)
- 28 Is he heading a deputation of wheelwrights? (9)
- 29 Butter beard? (6)
- 30 For landlubbers it's the limit. (8)

### DOWN

- 1 A little one of these has disturbed rest. (7)
- 2 Takes time to suspend progress for a time. (5)
- 3 Who wrote "Our Town"? It must . . . (and puzzle some playgoers). (8)
- 4 The root of all evil? (7)
- 6 Some heard at home might be re soap. (6)
- 7 The object of unions. (9)
- 8 A number of busy workers in other people's houses. (7)
- 9 Like Lear? It's questionable! (6)
- 15 A shifty carthorse strings along with it naturally. (9)
- 17 And yet a tar seems out of place in these. (8)
- 18 This may suit a tailor's customers if his remarks don't follow suit. (7)
- 20 11 is the kind of one who stands before a 15, not a 12. (6)
- 21 Guy Fawkes' plot blew up, though the gunpowder didn't! (7)
- 22 Not necessarily a railway employee. (7)
- 23 This creed takes a pleasant direction. (6)
- 26 Relief work raised the figure, but it came to nothing. (5)



(484)

## Puzzler

by J. A. H. Hunter

"D'YOU COLLECT stamps?" asked Tom, seeing twelve transparent envelopes of them on his partner's desk.

Joe shook his head. "For Ted. He's just starting," he replied. "I paid only two bucks for the lot, so there won't be anything very special."

"It's a good hobby for a kid," Tom commented. "I see you bought five hundred altogether, and some look interesting."

"Maybe that's why the pricing was odd," Joe smiled. "They had their selections already in envelopes—in twenty-fives, thirties, forties, and fifties—and I picked all four, a different number of each."

"The cheapest lots are marked 12c," said Tom. "What's odd about that?"

"Well, the fifties are at one price, the forties another, and so on," Joe told him. "Four different prices, but not in proportion to numbers. In fact, I spent as much on twenty-fives as I did on fifties."

Anyway it will have been a good start for the boy. But can you figure out the respective prices?

(117)

Answer on page 36.

## WINNERS AND RESULTS

Of the SN Christmas Competitions

Will be published in the Issue of

FEBRUARY 6, 1960

## Point of View

# Our Squalid Handling of Divorce

by J. A. Davidson

ABOUT THREE YEARS ago, in an address to the Medico-Legal Society of Toronto, Sir Alan Herbert said, with respect to divorce law in Canada, "Apparently ten minutes of adultery here is thought to be worse or more important than three years of desertion or a lifetime of cruelty."<sup>1</sup> In that comment the man who, as an MP before the war almost single-handedly brought about a reform of divorce law in Britain, has sharply underscored the moral ambiguity of our divorce laws.

The principle of divorce is accepted in the laws of all Canadian provinces except Quebec and Newfoundland — and citizens of those two provinces can obtain divorces through a curious parliamentary device. But we insist that adultery (except in Nova Scotia, where cruelty is also cause) be the sole ground for divorce. We thus accept the principle of divorce, but we insist on an adultery-only rigorism—and out of this has come the hypocrisy and the unfairness and the moral squalor of our divorce practices.

Can it not be said, as some critics have said, that our divorce laws actually encourage adultery (or at least a reasonable, i.e. judicially acceptable, facsimile) where there is no desire to commit adultery? Does it not put the sexual side in a misleading and overly-emphatic perspective to allow divorce for adultery but deny it to those who have been deserted and to those who have suffered great cruelty from their marriage partners? Does the narrowness of our divorce law really help bolster the institution of marriage?

The time surely has come for the broadening of divorce law in Canada. I say that at the risk of being misunderstood and charged with faithlessness and moral turpitude and with showing myself "unworthy of the cloth". I am not suggesting that divorce is a good thing, and I assure anyone who might think that this is a fine broad-minded statement for a minister to make that I really am quite narrow-minded about divorce. I think that

every divorce is a tragedy. I think that every divorce menaces in some way the institution of marriage. The best I can say for divorce as such is, in the words of the Quaker philosopher Elton Trueblood, "There are situations in which it is right to advise divorce, not because divorce is good but because the alternative is so bad."

There are dangers, of course, in any extension of grounds for divorce. It is said, and I think with considerable justification, that rigorous and narrow divorce laws do encourage the partners in some crumbling marriages to work conscientiously—and often with some success—at rebuilding. And no doubt divorce laws that are too broad and too easy do tend to engender a casual approach to marriage, that let's-try-it-and-see-how-it-works-out attitude that makes for what has been called "serial polygamy".

Margaret Mead, the eminent American anthropologist, wrote this a few years ago: "The most serious aspect of the divorce rate is not so much the number of divorces as the expectation of divorce. . . . It seems to me, as an anthropologist, that the most serious thing that is happening in the United States, the most significantly important, is that people enter marriage now with the idea that it is terminable." We must take Dr. Mead's warning very seriously.

But to change our divorce laws we would not have to jump from our present system to, say, the Nevada system. We would do well to study British divorce law and practice and consider how some features of it could be adapted to Canadian circumstances. (At the same time we should also study the work of the Marriage Guidance Councils in Britain.)

In no way do I challenge the right of any Church or religious fellowship to lay down for its members the strictest rules with respect to divorce. But it is one thing to legislate for a group within society and quite another to attempt to legislate for all persons in a society. Not irrelevant here are the words of the political philosopher and sociologist R. M. MacIver: "It is a confession of failure when, mistrusting its own moral powers, the church appeals to the state to coerce those whom the church itself cannot persuade."

Of course, consideration must be shown groups which are uncompromisingly opposed to divorce—but consideration must also be shown the large numbers of people whose views on divorce are not so strict. Our present divorce laws seem to be an untidy and reluctant compromise between certain ecclesiastical principles and rather widespread but unorganized public sentiment.

Yes, the time has come for the broadening of divorce law in Canada. I am aware that such broadening may cause some people to think of marriage as a terminable, if so desired, arrangement—but I suspect that most of the people who would have that attitude if our laws were changed have it already anyway. And, in the meantime, accepting the principle of divorce, we have our adultery-only rigorism with all its attendant hypocrisy and perjury and moral ambiguity. The fabricated adulteries, professional co-respondents and divorce detectives which we now have do not make an edifying spectacle.

I write this as a minister in The United Church of Canada, but I claim to speak for no one but myself. However, I do feel that perhaps I am speaking for a great many Canadians who, while believing in the permanence and the sanctity of marriage, also think that the institution of marriage will, in the long run, be better protected by more realistic provisions for divorce than we have at present.

### ANSWER TO PUZZLER

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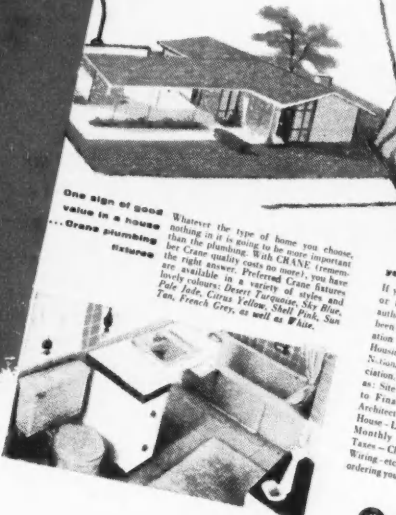
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*J. D. Webb* Manager, Advertising Department,  
CRANE LIMITED.

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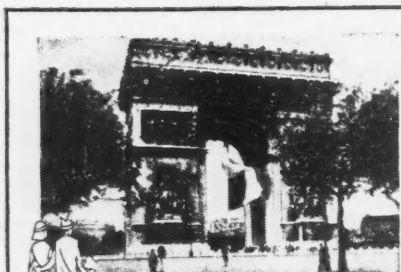
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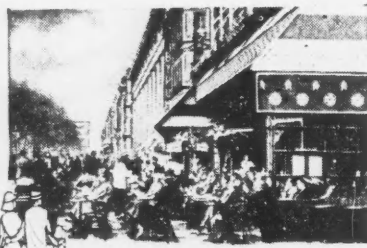
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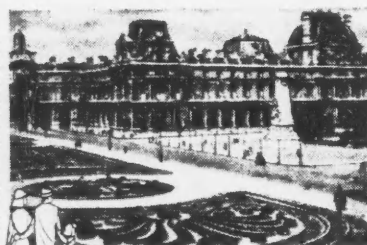
**YOU** marvel at the Arch of Triumph. Planned by Napoleon, this enormous monument marks an Unknown Soldier's grave.



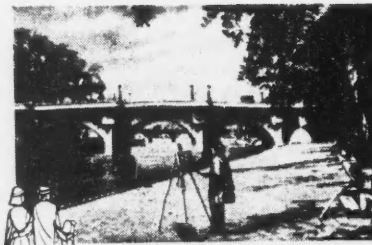
**YOU** stroll along the magnificent tree-lined Champs Elysées, and visit favorite haunts like this charming sidewalk cafe.



**YOU** bask in the sun of the French Riviera, fabulous playground of glittering celebrities, royalty, and fun-loving millionaires.



**YOU** visit the Louvre. Now a world-famous art museum, it was originally a fortress, and later served as a palace of kings.



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City.....Zone.....Province.....

W 27 C

(Same offer to U. S. residents: Address Garden City, N. Y. Offer good only in Canada and U.S.A.)

#### Terms of this offer:

- 1 - You will send me the sample package described here to keep for only 10¢.
- 2 - If I do not wish to continue after examining this package, I will simply notify you.
- 3 - If I do decide to continue, I understand you will send me an album and color-print set each month for only \$1 plus few cents shipping. Later, you will send me a library case for my albums.
- 4 - I need not take any specific number of albums and may resign at any time.

DO NOT DETACH (for Office Use Only) ...

#### Here's the \$3.00 Value for Only 10¢

- 1 25 breathtaking FULL - COLOR prints of France's most fascinating sights.
- 2 The album on France in which to mount your pictures, plus informative text.
- 3 A giant MAP OF THE WORLD, in beautiful color. Opens up to 3 1/2 feet wide! Retail value \$2.00.



If you decide to continue, you will receive **Free** a beautiful album case, large enough to hold a number of albums.

